

Corporate Plan Summary

2026 to 2030

Operating budget
Capital budget
Borrowing plan

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1.0 — Executive summary

Farm Credit Canada (FCC) is a federal Crown corporation with 101 offices across the country, including corporate headquarters in Regina, Saskatchewan. As part of the Government of Canada's finance system, we fulfil the mandate established by the federal Minister of Agriculture and Agri-Food. We maintain a substantial and consistent presence in rural Canada while enhancing our support for agriculture and food companies in urban areas.

The agriculture and agri-food sector is evolving and FCC is committed to being part of that evolution. We support primary producers, innovative companies and an expanding array of businesses that convert raw commodities into world-leading food and beverage products. As Canada's leading agriculture and agri-food lender, we offer financing options — including private equity and a variety of debt solutions — and knowledge services to primary producers, agribusinesses and food manufacturers.

The future for Canadian agriculture and food looks promising, due to the rising global demand for Canadian food products. The world's population is expected to reach 8.5 billion by 2030 and 9.7 billion by 2050. As more people reach middle class status, their desire for an increased quantity and variety of high-quality sustainably produced food will present significant opportunities for Canadian agriculture and agri-food sectors to grow.

This promising outlook is contrasted by a complicated and evolving geopolitical environment. Canada is a trading nation, and one that benefits from our strong relationships around the world. Some of those relationships have been challenged recently, leading us at FCC to consider how we can best support Canadian agriculture and agri-food through these changes. This includes customer support programs, and knowledge services. Our corporate strategy and financial plan reflect an

environment where current trade rates remain stable.

Despite this, we continue in the first year of implementation of our corporate strategy, which was approved in last year's corporate plan. It's centered around our bold aspiration to position Canada as a leader in food security and sustainable food production by fostering innovation and resilience and enhancing the nation's global reputation. We believe this strategy is a key lever in supporting the economic sustainability of the agriculture and agri-food sector for the long term. Consideration has also been given to how we can support the sector with emergency customer support measures if the trade environment shifts suddenly, and how we would continue to advance our strategy to support long-term economic growth in the industry.

Bringing this strategy to life involves proactively taking on more calculated risks to stimulate growth and innovation in the industry, so that all customers have access to the capital they need. For instance, nearly 30% of loans in fiscal year 2024-25 were extended on more favorable terms than forecasted by our risk models, and we're proactively enhancing our risk appetite and products and services to support a broader and more diverse range of customers, including those who are underserved by the current financial offerings in Canada.

Our corporate strategy also allocates resources to improving our systems and processes so we can maintain our position as a leader in providing capital solutions and value creation to support Canadian agribusinesses, farm operations and food processors. We're investing in innovative agriculture-related technologies and financing sustainable food production. By forming new partnerships across the food value chain, we can connect the right people to the right customers to help them innovate and grow. As a critical part of

our strategy, we're continuing to implement our transformation plan to support the strategy, which includes introducing new cultural attributes, leadership practices, rigorous governance and strategic management processes. We're also implementing a new structure and different ways of working with an enhanced focus on the customer.

FCC was pleased to see that our corporate strategy aligned well with the direction provided to financial Crowns in the Government of Canada's 2024 Federal Budget (Budget 2024). In

Budget 2024, the Government told financial Crowns to provide more financing by taking on greater risk so they could offer more support to Canadian businesses in need. This corporate plan outlines how we'll leverage the extensive work already underway through our corporate strategy and take the direction from Budget 2024 to go even further in researching, designing and implementing new initiatives. We'll expand our impact on the broader Canadian economy, while being a catalyst for growth in the agriculture and food industry.

2.0 — Overview

The Canadian agriculture and agri-food industry plays a vital role in supporting Canada's economy and is a sector with high economic growth potential. The industry contributes around \$150 billion annually to Canada's gross domestic product (GDP) and is responsible for one in nine Canadian jobs.¹ The sector is innovating, growing and adapting quicker than ever and is delivering more for Canada in terms of GDP and exports than at any other time in our country's history.

FCC is a federal Crown corporation whose mandate is described in the Farm Credit Canada Act as follows: *The purpose of the corporation is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small and medium sized businesses, that are businesses related to farming. The primary focus of the activities of the corporation shall be on farming operations, including family farms.*

We're Canada's leading financial and business services provider dedicated to growing the agriculture and agri-food industry. We serve primary agriculture producers, agribusinesses and agri-food entrepreneurs, from farm and food input suppliers to processors. We ensure they have access to capital and a wide range of financial and business products and services, including long-term mortgages, short-term credit, private equity and debt solutions. We're also focused on reconciliation to ensure Indigenous aspirations and opportunities in Canada's agriculture and agri-food sector are met with

inclusive, accessible and responsive products, services and networks.

As a Crown corporation, we've the unique opportunity to meet more than just the various financing needs of the industry and our customers. We offer business transition support, industry-leading farm management software, mental health resources and learning programs. As well, we invest in our communities through programs like Drive Away Hunger and the AgriSpirit Fund. Our well-rounded complement of resources is intended to support the industry's long-term success.

FCC hires and develops employees who are passionate and knowledgeable about the entire agriculture and agri-food value chain, so they can build solid relationships with our customers to help them thrive. We demonstrate our dedication to the industry by adapting to changing needs, responding with innovative solutions and being efficient, reliable partners. We consistently show up for our customers in all circumstances. This is reflected in our consistently strong Net Promoter Scores, brand awareness and strong ecosystem of referrals from multinational organizations to family farms.

By focusing on activities that help the industry reach its potential, we support the goal of the Minister of Agriculture and Agri-Food to make the industry a leader in job creation and innovation. For more details on how we fulfil our public policy role, see pages 8 to 11 of our 2023/24 Annual Report at [fcc.ca/About/FCC/Reports/FCC Annual Report](https://fcc.ca/About/FCC/Reports/FCC%20Annual%20Report).

¹ Agriculture and Agri-Food Canada, Overview of Canada's agriculture and agri-food sector <https://www.agriculture.canada.ca>

2.1 Main activities and principal programs

The Minister of Agriculture and Agri-Food's mandate letter from the Prime Minister helps establish the overarching priorities FCC should focus on supporting. FCC's most recent mandate continues to guide our planning, strategy and priorities. Our main activities and principal programs include:

Providing producers, agribusinesses and agri-food entrepreneurs with access to required capital throughout all economic cycles

— The industry's profitability is often impacted by volatility from adverse weather, barriers to trade, supply chain disruptions, labour challenges, and livestock and crop diseases. We maintain a sound capital position and effectively manage and measure risks to ensure we can support our customers during challenging times. For example, in 2023, FCC had five customer support programs to help the industry manage weather and economic related challenges. With more than 30 consecutive years of portfolio growth, we carefully manage and prioritize our resources to provide business and financial services across the entire industry in good times and bad.

Crowding-in capital to the industry to advance innovation and promote the value-added food processing sector

— FCC is a catalyst to bring-in capital from new and established financial partners, sharing and managing financial risk to ensure the sector has access to a diverse group of capital providers. Access to higher risk capital allows producers, agribusinesses and agri-food operators to develop and adopt innovative technologies, practices and business models that help them:

- expand their operations
- lower costs
- develop new products
- build resilience in their operations
- compete in domestic and global markets
- take advantage of trade opportunities
- manage weather-related events

Through FCC Capital, FCC's new capital deployment offerings, we are taking on more risk into the market through private equity and debt solutions that are invested in diverse entrepreneurs and innovative businesses across all life cycle stages, provinces and sectors in agriculture. We also partner with and fund organizations and accelerators that provide connections, mentorship and education to help startups and emerging businesses in the industry grow.

Reducing barriers to help young producers, entrepreneurs, Indigenous Peoples and underserved groups become more established in the agriculture and food industry

— Young farmers and entrepreneurs are critical to the future of the industry. We've developed targeted programs and services for them, proactively taking on more risk to help ensure they have access to the right type of capital to meet their specific needs. We also have a team of business advisors across Canada who help with intergenerational transfers and support new entrants to the industry.

We believe that diversity and inclusivity strengthen the entire Canadian agriculture, agribusiness and agri-food landscape. We continue to explore new opportunities to address the unique needs of Indigenous Peoples and underserved producers in the Canadian agriculture and agri-food industry.

Helping producers and agribusiness operators address business challenges through advisory services, knowledge and management tools

— Beyond lending, we offer learning events, multimedia tools, publications and other resources to help customers and others improve their management practices and succeed in a complex business environment. We're also working to increase awareness of mental health issues in rural communities through partnerships, publications and resources at fcc.ca.

Supporting government priorities through collaboration with other financial institutions and agencies — FCC plays a key role as part of the Government of Canada’s financial system. We’ll play an even more catalytic role by building new partnerships, taking on more risk and deepening our financial commitment to a larger part of the industry’s value chain. We’ll continue to work with Export Development Canada (EDC), Business Development Bank of Canada (BDC), government agencies, chartered banks, credit unions and Indigenous financial institutions to deploy capital to the Canadian agriculture and agri-food sector.

We’ll share our in-depth knowledge of and deep connections to the industry and leverage our partners’ expertise to strengthen how we jointly serve all participants in the industry. Together, we can ensure primary producers, agribusinesses and food processors have access to international markets and can take advantage of opportunities created through trade agreements.

Helping Canada meet its goal to be a leader in sustainability and climate change mitigation — Canada remains one of the best-placed nations to meet the projected growth in the demand for agriculture and food products. Canadian farmers, agribusinesses and food processors are experts in their fields. They have a long track record of being leaders in sustainable food production using strong management practices and adopting innovative technologies.

By identifying climate and nature-based solutions as an impact area in our strategy, we recognize the industry’s historical contributions and reinforce our commitment to supporting customers on their sustainability journeys. We’ll work with partners and customers to develop new financial and non-financial solutions and additional incentive-based programs. We’ll also support enhancements to tools that help producers manage their agriculture data and provide increased capital to help them invest in innovation and new technologies. FCC’s goal is to support the industry’s resilience and encourage continuous improvement in sustainability practices.

3.0 — Operating environment

Opportunities for the Canadian agriculture and agri-food sectors

Growing geopolitical tensions and climate change have increased worries about global food security, and Canadian agriculture is ready to respond. Investments in innovation offer new opportunities for greater efficiency. Trade agreements, bolstered by Canada's strong reputation, also support international exports.

The urgent challenge of building a sustainable global food supply makes Canada's role in agriculture crucial. According to the United Nations², the global population is expected to rise until the mid-2080s. As more people join the middle class and seek better diets, this presents a significant opportunity for Canada's agriculture and agri-food sector.

Trade is vital to the industry's success. Canada exported \$99.1 billion of agriculture and food products in 2023, making it the eighth largest exporter of agriculture and food products in the world.³ Trade agreements and a strong multilateral rules-based trading system are important in maintaining and creating export opportunities for Canadian agriculture and food products.

Recently, some of these trade relationships have become unpredictable, raising concerns through the agri-food supply chain and Canadians writ large. While we are monitoring these potential risks, we see an opportunity to continue to support the growth of the sector. FCC can help the industry reach its ambitious goal to feed the world sustainably by providing capital solutions

² United Nations, Department of Economic and Social Affairs. UN projects world population to peak within this century [http:// UN projects world population to peak within this century](http://UN.projects.world.population.to.peak.within.this.century) | United Nations

and creating value to rekindle productivity growth in the industry. This opportunity is estimated to be worth \$30 billion over ten years for the farm sector alone. Improved productivity growth would help stabilize the food supply and prices, strengthen businesses' resilience in the current volatile business environment and make Canada more competitive in the global market while reducing the carbon intensity of food production.

3.1 Macroeconomic outlook

Demand for agriculture commodity exports remains strong, although expectations of large harvests globally have led to lower prices. Combined with elevated interest rates, this creates profitability and cash flow challenges for primary producers and agribusinesses. Food processors also must contend with sustained high input costs. This may be further exacerbated by an unprecedented volatile trade environment.

Canada's economy continues to rebound from COVID-19 amid slower domestic demand. Real gross domestic product (GDP) grew 1.2% in 2023 and is tracking at a similar rate in 2024. The Bank of Canada is forecasting growth to pick up to 2.1% in 2025, although FCC Economics is less optimistic amid uncertainties with regards to both trade and the economy's responsiveness to lower interest rates. The jobless rate has risen as expected in a higher interest rate environment, reducing inflationary concerns and slightly easing pressures on wages. In response to the moderate economic outlook and resulting drop in inflation, the Bank of Canada started cutting interest rates in June 2024 and remains on track

³ Agriculture and Agri-Food Canada. Federal, Provincial and Territorial Ministers of Agriculture meet to advance the resilience and growth of the sector <https://www.canada.ca/en/agriculture-agri-food/news/2024/07/federal-provincial-and-territorial-ministers-of-agriculture-meet-to-advance-the-resilience-and-growth-of-the-sector.html>

to bring its overnight rate down to around 2.5% by the end of 2025 (from a peak of 5.0%). This prediction was reflected in the January 2025 interest rate announcement, amid the fluid trade environment. The Canadian dollar is expected to remain relatively stable over the next year as the U.S. Federal Reserve also cuts its interest rates, preventing U.S.-Canada yield differentials from widening significantly. However, trade disruptions could cause the Canadian dollar to further lose value against the U.S. currency.

Agriculture sector outlook

Farm cash receipts grew by 4.4% in 2023, reaching a new record. However, lower commodity prices will lead to a projected decrease in farm cash receipts of 3.3% in 2024. Declines in farm cash receipts have historically happened following periods of strong prices (2022 and 2023 were both very strong). However, farm cash receipts remain above 2022 levels and the industry as a whole has solid balance sheets.

Trade disruptions can lead to significant pressures on farm income, especially in sectors which have a large share of their production exported to the U.S. (cattle, hog, greenhouses, etc.). Tariffs can lower Canadian producer prices and pressure profit margins.

Amid possible disruptions, agriculture and agri-food sectors remain well positioned to endure a year of lean profitability. Farm cash receipts should grow in 2025 due to the recent strong harvests (which will be marketed next year), a continued positive outlook for cattle producers and a strengthening outlook overall for livestock.

Farmland investment

Over the past five years, farmland and building values rose on average close to 10% per year, driven by farm revenue strength and low interest rates. Strong demand for farmland, with limited available listings, strengthened farmland values by 9.4% in 2023. Land value increases will slow

slightly due to higher borrowing costs and a forecast of lower farm cash receipts, with farmland value increases estimated at 5.7% for 2024 and 4.7% in 2025. The recent FCC 2024 mid-year update in farmland values revealed the value of Canadian farmland increased by 5.5% through the first six months of 2024. This could lead to farmland values exceeding the forecast by the end of 2024.

Demand for farm debt

Investments in Canadian farms and farm operations have slowed amid higher interest rates. As a result, Canadian farm debt increased by 5.1% in 2023 after growing by 6.9% in 2022. FCC's Vision Panel conducted a recent survey sent to over 3,000 primary producers in the agriculture industry. The results indicate that respondents are increasingly less confident in the five-year outlook, believing their sector will face challenging times. They're more cautious about making new capital investments, viewing the next five years as an unfavourable period for large expenditures. Yet, operations that have a strong balance sheet and sustained positive profit margins continue to invest in enhancing the efficiency of their operations. This is expected to result in farm debt increasing by 6.5% in 2024 and 5.9% in 2025.

Food supply chain resilience

Food and beverage manufacturing sales increased by 5.7% in 2023. Sales are expected to fall 0.7% in 2024 due to lower price inflation, although larger volumes sold will cushion the blow on total sales receipts. Cost pressures in the last two years reduced the profit margins of food and beverage manufacturers. These margins are expected to improve as cost pressures slowly ease. The overall outlook for Canadian food processors remains positive due to the growing demand for Canadian food products abroad.

The food manufacturing sector is exposed to trade disruptions as about 25% of all food and beverage manufacturing production is exported to the U.S. Tariffs could lead to lower

profit margins and divert sales to the domestic market or other export markets.

Labour markets are critical to the performance of the industry. Declining job vacancy rates should help ease wage pressures businesses face. The temporary foreign worker program remains a critical source of labour for processors and farm operators. Labour disruptions in various supporting sectors (transportation, merchandise handling, etc.) in Canada and abroad can put significant pressure on the performance of the entire Canadian agriculture and food supply chain, given our reliance on export markets and the food products' perishability.

Agribusinesses

Higher equipment prices coupled with higher interest rates have resulted in more cautious decisions on equipment purchases. As new farm equipment sales slow, inventory levels will continue to increase, returning closer to pre-pandemic levels as manufacturers build new units. North American agricultural equipment manufacturers have started to adjust production levels in response to reduced demand. Rising inventory levels of new equipment will spill over to the used equipment market and should bring used equipment prices down.

Improved grain and oilseed production in 2024 will support grain handling and crushing profitability in 2025. Labour remains a major concern for food processors and agribusinesses. Trade disruptions represent a major risk in that it could disrupt prices faced by agribusinesses or their customers.

Financial services sector

The agriculture market is served by chartered banks, credit unions, provincial lending agencies, equipment manufacturer financing programs, crop input financing programs, Indigenous financial institutions, independent financing institutions and Crown corporations. Nationally, the primary lenders in agriculture are FCC, chartered banks and credit unions.

According to Statistics Canada, farm debt outstanding increased by 5.1% to \$146 billion in 2023. FCC's market share remained unchanged at 29% in 2023, which is aligned to our target. Chartered banks had 35% of the market and credit unions had 15%. FCC's portion of Canada's farm debt outstanding was \$43.0 billion in 2023, an increase of \$2.2 billion over 2022. Only the chartered banks have a greater share of farm debt outstanding, at \$50.9 billion.

3.2 Internal environment

We continue to post strong results across our business lines. FCC has a highly experienced and high-performing workforce and an excellent reputation with both customers and stakeholders across the agriculture and agri-food industry. In order to stay successful, we must continue to invest in our internal foundations to keep pace with the evolving finance and agriculture industries. Our organizational transformation continues in 2025-26 through implementation of initiatives across these four pillars:

1. **Strategy:** Continue to deliver on our goals, so we can achieve our desired impact on the Canadian agriculture and agri-food sector.
2. **Culture:** Build on our values of trust, respect and integrity. FCC's culture defines the attributes required for employees to work with each other, customers and stakeholders. Rigour, efficiency and reliability were the first attributes of focus; next, we'll integrate adaptability and innovation.
3. **Structure and compensation:** Align FCC's structure and compensation philosophy to achieve our strategy and deliver on Budget 2024 expectations.
4. **Change management and leadership:** Continue to rely on change management best practices and leadership support to successfully implement initiatives and optimize adoption.

We want to maintain our high standards of customer service, industry expertise, strong reputation from industry partners, and attract and retain top talent. We'll continuously listen to employees to understand how they're experiencing life at work so we can effectively and sustainably improve the employee experience.

In 2026, we'll continue to implement our multiyear diversity, equity and inclusion strategy to achieve three outcomes:

1. FCC's workforce is representative of the communities where we live and work.
2. FCC is an accessible, inclusive and equitable workplace.
3. FCC's commitment to equity, inclusion and accessibility extends beyond our employees to include our customers and communities.

New positions will be added over the plan period to support:

- ongoing organizational transformation
- implementation of Budget 2024 requirements and other Government of Canada priorities
- business growth
- increasing regulatory demands
- implementation of our strategic priorities
- enhancement of our risk management capabilities.

We plan to add 105 new positions in 2026 to address these requirements, with these positions being filled throughout the year as needed. The overall administration expenses including staff additions in this plan meet the Budget 2023 reduction requirements.

3.3 FCC performance

In Budget 2024, the Government of Canada announced it wanted financial Crowns to reduce their target solvency rate to A, in order to free up new capital for investment in the market. This capital must be oriented to higher risk transactions and support innovation and

productivity. This corporate plan and our corporate strategy support this direction and will allow us to increase our impact on the broader Canadian economy while stimulating the agriculture and agri-food sector.

In FCC's 2025-29 Corporate Plan, we committed to leveraging \$500 million in excess capital to deliver \$4.4 billion in net new and higher risk capital solutions into the market. The move to a target solvency A rating realized through this corporate plan frees up an additional \$500 million in capital, which allows us to deliver even more value in our industry.

This plan identifies initiatives which stem from Budget 2024 including:

- development of risk mitigation products
- growth of Canadian agriculture through data and digital precision
- contribution to the development of Indigenous food systems, as detailed in section 4.

Over the next year, we'll further define the resources needed and complete market research. Detailed deployment plans, timelines and costs to launch these new offerings and deploy the additional capital over the plan period will be outlined in the 2027-31 Corporate Plan.

This plan also reflects our continued commitment to managing resources efficiently, as requested by the Government of Canada (see Appendix 10) in Budget 2023. We've identified an additional \$94 million in savings compared to the current plan, which surpasses the minimum requirements outlined in Budget 2023. We continue to assess potential resource needs to deliver on Budget 2024 initiatives.

We are also monitoring changes in the trade environment and are prepared to adjust to support the sector in an agile way where necessary. This may mean adjusting our approach on some planned initiatives depending on outcomes.

4.0 — Objectives, activities, risks, expected results and performance indicators

4.1 Objectives and activities

Overview

FCC is committed to the Canadian agriculture and agri-food sector. Our corporate strategy, approved in last year's corporate plan, is centred around our bold aspiration to position Canada as a leader in sustainable food production by fostering innovation and enhancing Canada's global reputation. This strategy sets the foundation for FCC to perform over the next 10 years. It involves proactively taking more calculated risks to stimulate growth and innovation in the industry so customers, including those who are underserved, have access to the capital they need. Our strategy reinforces the direction provided to financial Crowns in Budget 2024 to take more risk to invest in innovation and productivity.

We'll invest in our core capabilities to maintain our position as a leader in providing capital solutions and support to the Canadian agriculture and agri-food industry. We're investing in innovative technologies, financing sustainable food production and forming new partnerships to connect the right people to the right customers so customers can innovate and grow. We're also piloting artificial intelligence (AI) technology internally to enhance operational efficiency and drive innovation.

In last year's corporate plan, approved in March 2024, we outlined lending initiatives to redeploy approximately \$500 million in excess capital to support \$4.4 billion in net new, higher risk capital into the market over the plan period. Our initiatives are designed to create more access to capital in support of underserved groups, innovation, growth and productivity. In 2024, FCC identified the time and resources required to deliver these initiatives. The 2025-29 Corporate Plan included five sub-categories of how this new capital may be categorized:

- financing for agribusiness and agri-food startups and underserved groups
- financing for sustainable products
- partnerships with other financial institutions
- private equity and debt solutions
- other targeted lending efforts

We're evolving our lending criteria to embrace more calculated risks and better support customers in our industry. While commercial financing usually involves numerous requirements for loan approval, we're simplifying these prerequisites. By collaborating with a team of experts, we ensure that any added risks are managed responsibly through offering account monitoring and additional expertise beyond traditional lending advice. As of December 2024, we've disbursed \$31 million and approved over \$135 million with easing this criterion.

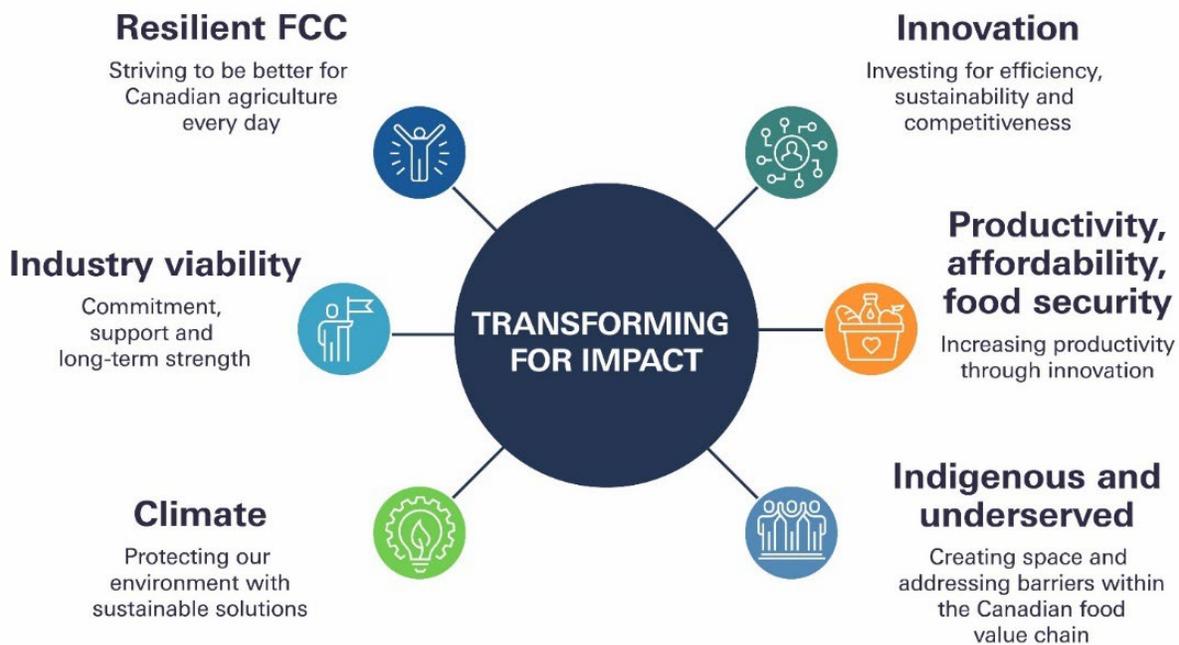
In 2024-25, FCC's venture capital practice became FCC Capital and now includes equity investments as well as other diversified capital solutions, such as subordinated debt and convertible debt instruments. In addition, after extensive consultations with industry, customers and partners, FCC developed a Sustainable Finance Framework that was approved by the Enterprise Management Team in 2024. We've asked Sustainalytics for a second party opinion on this framework to benchmark its alignment with global standards, namely the Green Loan Principles and Social Loan Principles. The second party opinion will allow us to credibly label our applicable solutions as sustainable finance transactions. This framework will guide decision-making, tracking of capital amounts allocated to sustainable finance, product development and investment criteria for sustainable finance at FCC.

We're also forming strategic relationships with other organizations and capital providers to further support the industry. For example, our partnership with Glengarry Farm Finance Corporation (GFFC) allows us to offer flexible and creative financing solutions to primary producers in Western Canada and Ontario. FCC committed up to \$60 million to help address barriers in the Canadian agriculture and food value chain by lending to primary producers who face temporary credit issues. Together with GFFC, we aim to increase the resilience, diversity and innovation in Canadian agriculture by providing capital solutions and value creation.

We're confident we can achieve our capital deployment targets and have the desired impact on the industry. FCC made significant progress over the past fiscal year, expanding our credit risk criteria, training credit teams and conducting ongoing market research for various lending products and other offers. Together with existing FCC products, these new products and offers will ensure we're able to support higher risk lending. The 2024-25 Annual Report will provide a further update on our progress.

FCC's strategy

FCC's strategy outlines the six key impact areas we've prioritized to maximize our impact on Canadian agriculture and food over the plan period.



Productivity has also been embedded within three of the key impact areas: Innovation, exports and economic growth, Productivity, affordability, food security, and Climate and nature-based solutions. In addition, the development of a new productivity impact measure has been added to Appendix 3 - Planned results for the plan period under the key impact area of Affordability.

Below is a summary of each key impact area, including our focus over the plan period.

Innovation, exports and economic growth

Product and process innovations through the agri-food supply chain will lead to higher productivity growth rates, enhancing the global competitive position of farm operations, food processors and agribusinesses, boosting exports and expanding the industry's economic footprint.

Higher productivity growth enables Canada to make significant contributions towards the UN sustainable development goal of zero world hunger and our commitments developing science-based targets.

Enhancing productivity is crucial for closing the projected gap between global food demand and production over the next 25 years, while mitigating emissions and achieving sustainable development goals. By implementing targeted advisory services, sharing knowledge and adopting cutting-edge technologies, FCC is having a substantial economic impact here at home. In 2023, we developed an economic impact assessment model that shows our loan disbursements have generated \$10.9 billion in gross domestic product (GDP) and facilitated 106,000 jobs across Canada. Investments in the Smart Farm Network will drive ongoing innovation in food production to enhance productivity and efficiency across the industry. Our efforts help Canada make meaningful contributions towards global food security and environmental sustainability.

Beyond our own products and services, we support partners who provide programs, mentorship and resources that lead to innovation and ag tech opportunities. Through FCC Capital, we provide an alternative source of capital to the growing number of innovative agriculture and agri-food businesses. By expanding capital solutions and value creation, we support the development of innovative products and help agriculture and agri-food businesses adjust the size of their operations to have more impact in the industry. Strategic investments and partnerships are driving advancements that strengthen our industry.

Productivity, affordability, food security
Support the Government of Canada's efforts to address food availability, security and food inflation through a preliminary focus on increasing productivity through innovation. Lower production costs make food more affordable for Canadians.

FCC will boost productivity within the Canadian food and agribusiness sector through strategic capital solutions and value creation initiatives. For example, in 2024, we invested \$5 million in the accelerated breeding program of the Global Institute for Food Security at the University of Saskatchewan to drive sustainable advancements in agricultural productivity. The program is now known as the FCC Accelerated Breeding Program.

In response to Budget 2024 direction, we're also exploring three key capital initiatives, one of which is directed at creating additional data capabilities to drive productivity (see subsection Budget 2024: Fairness for Every Generation below for more details).

FCC also proactively supports customers in a particular segment of the agriculture industry who are experiencing loan repayment difficulties during market downturns or natural disasters. Five new programs designed to ease financial pressure on producers impacted by adverse weather and supply chain disruptions were developed over the past year. These support programs can be made available to respond to economic challenges due to trade disruptions as well.

Over the plan period, we'll continue to support efforts to address food affordability, food security and food inflation. Through our current initiatives, including the Drive Away Hunger campaign and our partnership with food banks and Second Harvest, we'll continue to provide access to meals for those who face food insecurity, while further reducing food waste.

Indigenous relations and underserved groups

Strengthen relationships with Indigenous peoples through a lens of reconciliation. Create space for the advancement of the emerging Indigenous economy and increase sector participation by supporting Indigenous farmers to establish businesses and grow within the Canadian food value chain. Support the

industry and our customers to thrive by addressing the barriers that exclude underserved groups, with an initial focus on women entrepreneurs, young farmers and new entrants.

Over the planning period, we'll enhance access to capital, invest in capacity building and support the growth of operations owned by Indigenous and underserved entrepreneurs in the Canadian agriculture and agri-food industry. Our strategic initiatives will address systemic barriers to entry, promote diversity and inclusion, and ensure equitable economic opportunities, while positioning FCC as the financial institution of choice for these communities. We're dedicated to building an inclusive work environment that champions the voices and contributions of underserved and diverse groups and ensures equitable opportunities and support for all.

FCC is committed to strengthening relationships with Indigenous Peoples, focusing on reconciliACTION and economic advancement. Since 2020, we've been enrolled in the Progressive Aboriginal Relations certification program, which has now been rebranded to the Partnership Accreditation in Indigenous Relations (PAIR) program. The program assesses and certifies that the business activities of a company demonstrate their commitment to building respectful and mutually beneficial relationships with Indigenous communities and businesses. We intend to submit for certification and strengthen our commitment with Indigenous communities and businesses during the plan period.

In 2023, we committed a founding donation of \$1 million per year for five years to the newly formed National Circle for Indigenous Agriculture and Food. The Circle is an Indigenous-led, non-profit organization that bridges the gaps for Indigenous participation in agriculture and food and is an important step towards economic reconciliation. As outlined in the section Budget 2024: Fairness for Every Generation below that

outlines FCC's three proposed capital initiatives stemming from the Budget 2024 direction, we'll redouble our efforts to better serve Indigenous communities through tailored and customized solutions to meet the unique need of Indigenous producers and agri-food entrepreneurs.

We're dedicated to building an inclusive work environment that champions the voices and contributions of underserved and diverse groups and ensures equitable opportunities and support for all. We're actively recruiting Indigenous talent and promoting their growth. Our recent promotion of the Vice-President of Indigenous Relations position to the Enterprise Management Team reflects our dedication to integrating Indigenous perspectives at the highest levels of decision-making.

Climate and nature-based solutions

Unlock opportunities to protect nature and biodiversity to mitigate and adapt to climate change impacts. Help industry develop and adopt sustainable solutions and production practices that aim to reduce greenhouse gas (GHG) emissions and protect the environment. Focused investments are required for rapid impact, particularly to accelerate innovation and foster technology adoption.

Over the plan period, FCC will accelerate innovation and technology adoption to reduce greenhouse gas emissions and protect biodiversity. Our focused investments will support customers in transitioning to a low-carbon economy, ensuring resilience and productivity growth across the agriculture and agri-food sector. Key initiatives include setting ambitious emission reduction targets for our organization, bolstering our sustainable lending incentive programs, finalizing FCC's Sustainable Finance Framework and training employees across FCC to support these goals. We'll enhance our climate disclosure practices and promote decarbonization.

We'll also invest in education, advisory services and tools to help customers measure

and report their carbon footprint, encouraging transparency and leading the industry towards sustainable practices. We're helping producers calculate their individual farm emission baseline through the AgExpert sustainability estimator tool, for which a patent application will be submitted.

Industry long-term viability

FCC will continue to champion our sector through increased public awareness, mental health support, and products and programs that can support diversity and strengthen the agriculture and agri-food workforce of tomorrow.

FCC continues to enhance public awareness and support for the agriculture and agri-food sector, emphasizing its strategic importance to the Canadian economy. We're addressing environmental, economic, health and food security concerns through targeted campaigns to build public trust and raise awareness of the sector's societal value.

To support our customers, in 2024, we provided advisory services through 900 engagements with the industry (813 were specifically targeted to farm transition). We'll continue to expand these services in the future through a hub-and-spoke model. We're investing in partnerships and research, collaborating with the Canadian Centre for Food Integrity and other industry partners to launch a campaign that will share the story of the Canadian agriculture and agri-food sector.

Resilient and strong FCC

Building a resilient and strong FCC for the long-term is essential to maximize customer and industry impact. Investment in FCC's business foundation will enable FCC to expand our exceptional service and product offerings to Canadian agriculture and food producers, enable our employees to be productive and engaged and deliver on our mandate now and in the future.

We're proactively addressing key business risks and building resilience across all foundational capabilities to ensure our long-term sustainability and impact on the industry. By focusing on talent management, digitalization, cybersecurity and climate resilience, FCC can continue delivering customer-focused services and innovative solutions to Canadian agriculture and food producers. Our forward-looking strategy ensures we remain agile and responsive to emerging global and regional challenges. As the complexities of supply chains, international and domestic financing, international trade and innovation increase, we must evolve at the same pace.

Budget 2024: Fairness for Every Generation

The 2024 federal budget provided guidance to financial Crown corporations, including FCC, to update their capital and risk management practices. These updates are meant to provide more support to the Canadian economy and stimulate economic growth and productivity gains.

As part of Budget 2024, the federal government also made changes to the Capital and Dividend Policy Framework for Financial Crown Corporations. In the revised framework, FCC and other financial Crowns were asked to pursue a target solvency rating of A, benchmarking to international peers and reviewing capital holds, with the assumption the Government of Canada would recapitalize financial Crowns in instances of insolvency.

For FCC, these changes are expected to unlock approximately \$500 million in additional capital, which we'll invest to support underserved groups and help the industry manage risk, improve resilience and increase productivity.

- 1. Risk mitigation products** — Effective risk management is essential for farm financial sustainability and food production growth, especially given the increasing complexity of

risks like extreme weather and volatile commodity prices. Improving producers' ability to predict, assess and manage their risks can help them build resilience while reducing their losses. Through this initiative, FCC will provide a suite of market-based solutions to supplement existing risk management products (for example, protection from risks in day-to-day business activities, climate risk and innovation risk) and services (for example, revenue insurance or advisory services on risk management and more). These efforts to help the industry proactively address volatility will follow examples set by successful programs like the Sustainable Canadian Agricultural Partnership and other business risk management programs.

2. Growth of Canadian agriculture through digital precision — Our AgExpert software is a truly unique and invaluable asset, establishing FCC as a leader in Canadian agriculture data and analytics. With over 24,000 users and details on 6.2 million acres of managed farmland captured in its vast dataset, AgExpert offers more than 20 years of trusted historical and real-time data — a scope unmatched in the industry. This data set enables us to develop a comprehensive, real-time “digital twin” of Canadian farms, empowering producers to optimize crop planning, manage risk and prepare for potential disasters. By integrating real-time data with global market trends, AgExpert provides an unparalleled decision-making platform, allowing producers to unlock productivity gains and safely test innovations from sustainable practices to advanced seed varieties.

3. Indigenous food systems — Indigenous agriculture and agri-food participants haven't been effectively engaged or supported by the broader industry, and existing capital solutions often overlook their unique business characteristics. By studying Canadian Indigenous food systems, we'll create tailored capital solutions and value creation resources. This initiative can foster increased Indigenous participation in the industry and boost Canada's GDP by bridging the income gap between Indigenous and non-Indigenous farm operations. We believe Indigenous engagement needs to be significant in order for FCC, our shareholder, the industry and Indigenous communities to succeed for generations to come. Additionally, this initiative will enhance productivity through efficiency, scale and innovation, leading to stronger financial performance and a more competitive position for Indigenous agriculture and agri-food businesses.

These initiatives involve establishing new business lines and creating new products. From fall 2024 to summer 2025, we'll define the required risk, technology, staffing, operating models and infrastructure we'll need to support these expanded offerings. Working closely with AAFC and the Department of Finance as we undertake this analysis, we'll develop more detailed program descriptions to share with the Government of Canada, through next year's corporate plan process. This way, FCC can develop programming and product offerings that are best suited to the market need and aligned with our corporate structure and capabilities.

Requirement	Description	Corporate plan section
1. Increase the focus on output-based metrics, like economic and productivity growth.	<ul style="list-style-type: none"> FCC was actively building output-based metrics prior to being directed to take this action as part of Budget 2024. Economic impact growth metrics, such as GDP and number of jobs facilitated, are found in the Planned Results section. Productivity growth metrics are being developed and baseline targets will be set by March 31, 2026. 	Appendix 3 — Planned Results

<p>2. Benchmark FCC’s capital management processes against those of peer organizations in similar international jurisdictions.</p>	<ul style="list-style-type: none"> FCC’s capital management framework and internal capital adequacy assessment processes are aligned with industry best practices and guidelines issued by the Office of the Superintendent of Financial Institutions. The results of our benchmarking analysis showed FCC has a riskier loan portfolio when compared to our peers, which is due to our concentration in agriculture relative to the more diversified portfolios and offerings of benchmark financial institutions. The results of our benchmarking analysis showed FCC has a riskier loan portfolio when compared to our peers, which is due to our concentration in agriculture relative to the more diversified portfolios and offerings of benchmark financial institutions. 	<p>5.0 Financial Overview</p>
<p>3. Introduce a target solvency credit rating no higher than A.</p>	<ul style="list-style-type: none"> FCC’s capital requirement has been updated to reflect a target solvency rating of A. We’re exploring opportunities to deploy the resulting surplus over the planning horizon to increase risk-taking and investment in the industry. 	<p>5.0 Financial Overview</p>
<p>4. Corporate plans should outline potential scenarios that could require recapitalization and expected timelines for government to inject new capital.</p>	<ul style="list-style-type: none"> We’ll leverage our cumulative stress-testing program experience and assess the impact of the reduced capital level to identify possible scenarios where we’d need recapitalization. 	<p>5.0 Financial Overview</p>
<p>5. Deploy existing capital to support promising new and high-growth businesses in priority sectors, addressing high-potential and high-risk sectors.</p>	<ul style="list-style-type: none"> FCC’s capital requirement has been updated to reflect a target solvency rating of A. We’re exploring opportunities to deploy the resulting surplus over the plan period and will complete our research and evaluation in the first year of the plan. 	<p>2.0 Overview 5.0 Financial Overview</p>
<p>6. Compensation for senior leaders will have an increased emphasis on delivering on an increased risk appetite and a focus on economic growth.</p>	<ul style="list-style-type: none"> We’re reviewing our compensation framework to align compensation for senior leaders with the increased risk appetite and focus on economic growth. 	<p>Appendix 2 — Corporate Governance Structure</p>
<p>7. Detailed portfolio information, including the characteristics of customers and a breakdown of the transactions that FCC supports, as well as risk-rating of assets.</p>	<ul style="list-style-type: none"> FCC will report on customer and transaction characteristics and risk-rating of assets annually. 	<p>Appendix 11 — Detailed Portfolio Information</p>
<p>8. The Farm Credit Canada Act will be amended to include a legislative review.</p>	<ul style="list-style-type: none"> FCC stands ready to participate in a legislative review, as per the selected timing of the Government of Canada. We’re ready to discuss timelines and parameters of a legislative review with the Minister of Agriculture and Agri-Food and the Government of Canada. 	<p>Action expected over the planning period</p>
<p>9. Update Board of Director profiles.</p>	<ul style="list-style-type: none"> FCC’s 2024 Board Profile and 2024 Board Skills Matrix already include directors’ experience in and knowledge of public policy. The Board Profile and Skills Matrix are reviewed and updated annually, with the next review scheduled for 2025. 	<p>Annual action taken to ensure direction is addressed</p>

4.2 Risk overview

As a federal Crown corporation, FCC's public policy role is to provide the financing and business solutions that Canadian producers, agribusinesses and agri-food operators need to seize global and domestic opportunities and meet challenging economic cycles. As our customers and organizational complexity evolve, our risk management capabilities must, too. As we take on more calculated risks to address the needs of our diverse customers, we need to identify, understand, quantify and manage the new risks we might be exposed to. Enhancing our risk management practices will allow us to target new customer segments and develop new financial and non-financial products and services.

Our risk management objectives and priorities are focused on supporting industry inclusion, growth and innovation as well as sustaining our success. We'll increase our ability to deliver critical operations and withstand service disruptions as our operating environment becomes increasingly complex and digital. Our risk appetite framework establishes limits for the level and type of risk FCC is willing to accept in pursuit of our strategy, objectives and mandate alongside Government of Canada's objectives. We also use an enterprise risk management framework and policy to ensure risks are adequately managed; the framework and policy are approved annually by our Board of Directors.

Risk categories and mitigating strategies

Our four major categories of risks are strategic, financial, operational and reputational. Each category has distinct risks that are assessed for likelihood and impact using various tools. The overall assessment of risk is reflected by the amount of capital we feel is required to maintain a financially sound position and support strategic direction. FCC conducts stress tests to understand our vulnerability to severe but plausible scenarios that may affect agriculture, as well as our overall organizational resilience.

The stress-testing results help us determine FCC's potential need for government support during a severely stressing event.

We're continuously adapting our risk appetite and risk management practices to ensure that we take the risks necessary to support a bold, inclusive and innovative agriculture and agri-food sector and foster sustainable growth for Canada.

Strategic risk

Strategic risk refers to risk arising from the external environment and our ability to develop and implement effective business strategies and maintain our relevance in the marketplace.

The corporate strategy is reviewed annually and FCC's key strategic priorities are documented in the five-year corporate plan. We assess the external financial environment and activity in the agriculture and agri-food sector to determine emerging risks.

We also take risks to support targeted underserved groups and encourage innovation, increase inclusivity and facilitate intergenerational transfers. We want to ensure capital is available when and where customers need it.

Financial risk

Financial risks include credit, liquidity and market risks.

Credit risk is the risk of financial loss if a borrower or other counterparty fails to meet its financial commitments to FCC. We're exposed to credit risk in our loans, venture fund holdings and investments. We assess credit risk at the transactional and portfolio levels using industry best practices for financial institutions.

Credit assessment tools and models are in place to quantify risks on an ongoing basis, allowing us to establish the required allowance for loan losses and monitor capital adequacy. We also closely monitor the operating

environment in the agriculture and food industry to ensure our lending policies, activities and practices adequately account for risk and opportunity in the marketplace.

We recognize we must take risks to advance the Canadian agriculture and agri-food industry and to deliver on our mandate as a Crown corporation. As our business evolves, we take a long-term view to be a resilient and steady presence for Canadian producers, agribusinesses and agri-food operators.

Liquidity risk is the risk that we have insufficient funds to meet payment obligations. Due to FCC's approach and the readily available funds we have through the Crown Borrowing Framework and other tools, our overall liquidity risk is negligible and isn't reflected in our capital requirements. We focus on responsible lending and capital management to ensure we remain financially sound.

Market risk is the potential for loss due to adverse changes in underlying market factors such as interest rates and foreign exchange rates. Market risk exists in our financial instruments, such as stocks, bonds and derivatives. We assess the risk of market events such as interest rate movements. Our market risk policies and limits ensure we identify, measure, manage and report on interest rate and foreign exchange risks on a timely basis.

- **Interest rate risk** is the risk that a change in the interest rate negatively affects FCC's net interest income and fair value measurements.
- **Foreign exchange risk** is the risk that currency fluctuation negatively affects FCC. Foreign currency risk exists in any transactions based on the U.S. dollar.

Operational risk

Operational risk is the risk of direct or indirect loss due to inadequate or failed internal processes, people, systems or external events. Operational risk events can affect our ability to deliver on our strategy and achieve our objectives through lost opportunities and inefficiency, business disruption, customer impact or financial loss.

FCC focuses on organizational resilience and develops future-fit risk practices that align with our mandate, risk appetite and customer experience priorities. As noted earlier, FCC's corporate strategy includes investments to bolster organizational resilience and manage operational risks. We enhance our operational risk management policies so employees can apply consistent, effective and timely operational risk management practices in their day-to-day work.

Internal audits are conducted to assess the effectiveness of the control environment and provide the Board with assurance that operational risks are effectively managed.

Reputational risk

Reputational risk is the risk that key stakeholders or the public develop negative perceptions about FCC that could adversely affect our reputation and ability to attract and retain customers, business partners and employees. Exposure to reputational risk is often a function of our ability to manage and respond to other risks.

We build relationships with customers and partners who meet our high standards for integrity. We have a structure to guide employee conduct in interactions with co-workers, customers, industry partners, suppliers, media and the public to avoid reputational damage associated with actions that are misaligned with our mandate, strategy or values. We assess any risk event that exceeds FCC's risk appetite for reputational implications.

Geopolitical Risk

FCC is ready to respond and support the Canadian agriculture and agri-food sectors through adverse conditions to ensure their continued growth and success. With a dynamic geopolitical environment posing risks to the Canadian economy and Canadian trade flows, we remain prepared to deploy customer support within days as needed and this capacity exists under current borrowing authorities. Our response would include term loans, payment deferrals, lines of credit, and other knowledge supports.

For more detail on FCC’s identified risks, see Appendix 7 — Risk and Risk Responses.

4.3 Expected results and performance indicator overview

For each strategic impact area, FCC develops initiatives, outlined in section 4.1 Objectives and Activities, that show progress toward achieving results.

Our strategic priorities are aligned to our mandate and Government of Canada priorities. We report on these priorities quarterly through the following impact areas and key performance indicators.

Impact area	FCC key performance indicator
Innovation, exports and economic growth	Loans receivable growth
	Portfolio risk profile: Amount of portfolio comprised of net new higher risk investments (equity and debt)
	Economic impact (year-over-year growth): <ul style="list-style-type: none"> gross domestic product (GDP) jobs
Productivity, affordability, food security	Drive Away Hunger program: number of days food insecurity was reduced for affected Canadians through donations and redirected food waste
	Productivity impact measures
Indigenous and underserved farmers and producers	Partnership Accreditation in Indigenous Relations (PAIR) Certification
	Number of current customers FCC serves who belong to underserved groups: <ul style="list-style-type: none"> Under age 40 Indigenous Female
Climate change and nature-based solutions	Financing through Sustainable Finance Framework
	Sustainability incentive adoption
	Raising awareness: Percentage of FCC Vision panelists reporting environmental sustainability as important
Industry long-term viability	Advisory and premium knowledge program engagements
	Percentage of FCC customer count in small and medium-sized segments: ag production and agribusiness and agri-food operators
	AgExpert: number of acres of farmland tracked

Resilient and strong FCC built for long-term sustainability	Operational lending control effectiveness
	Employee engagement score
	Net Promoter Score®
	Overall employee representation rate: <ul style="list-style-type: none"> • Indigenous Peoples • Persons with disabilities • Members of visible minorities groups • Women in leadership (Directors+)
	Reduction in operational carbon footprint (OCF) Scope 1 and 2 emissions

Measures in this table may change to better reflect progress on our strategic direction. For more detail on our measures and targets, see Appendix 3 — Planned Results.

5 — Financial overview

5.1 Expected results for 2025 and plan period 2026 to 2030

Our strong financial and risk management practices enable us to achieve our bold aspiration of positioning Canada as a leader in sustainable food practices, fostering innovation and enhancing the nation’s global reputation. Our financial plan demonstrates our ability to:

- deliver on our new strategy
- efficiently manage costs
- increase risk-taking and effectiveness to provide more capital to the agriculture and food sectors
- maintain a sound financial position and pay consistent dividends

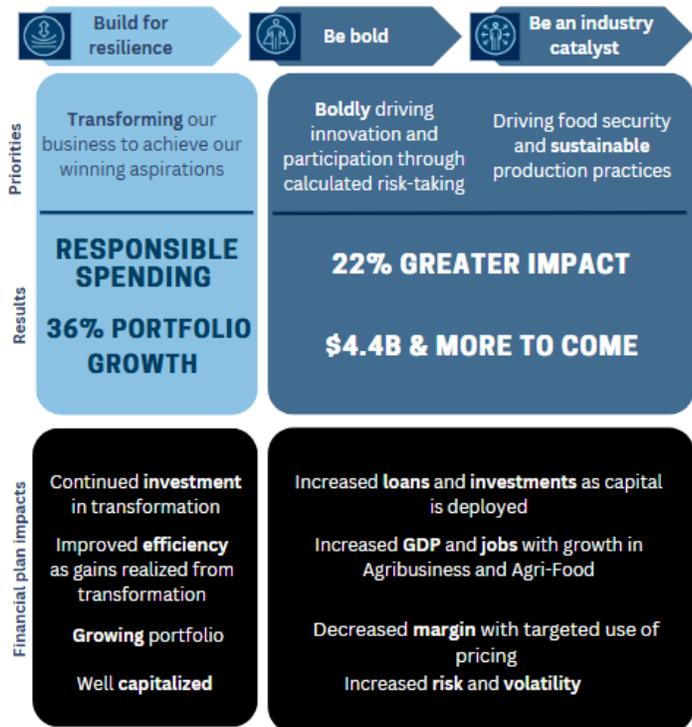
In the financial plan, we explain the projected financial results and the major underlying assumptions we used in our projections. All other sections of the corporate plan are an integral part of the financial plan and should be read in full to understand the projected results. How the fluidity of the current trade environment may affect this is still unclear. As such, the financial plan reflects our expected financial results with current trade flows remaining stable.

Financial plan

Our financial plan builds on our commitment from last year’s corporate plan to deploy \$500 million in capital and support \$4.4 billion in new, higher-risk capital solutions. In alignment with Budget 2024, we reduced capital requirements to target an A solvency rating, which freed up an additional \$500 million to explore further opportunities in key impact areas, as outlined in section 4.

The financial plan and key assumptions reflect our outlook on the Canadian agriculture and agri-food industry. We expect Canada’s economy to grow over the plan period as inflation returns to the Bank of Canada’s target level, which should lead to further interest rate cuts. Demand for farmland remains strong and lower borrowing costs could reduce some of the pressure customers are facing with higher input, equipment and building costs. Lower commodity prices could reduce profitability and cash flows for producers as farm cash receipts are only expected to increase by an annual average of 2.4% over the plan.

Over the next five years, we anticipate farm debt to grow an average of 6.0% annually, while farmland and building values are expected to grow at an average of 5.5% annually. The agri-food sector continues to show resilience as growing sales volumes soften the impact lower sale prices has had on the industry. As production costs stabilize (including some cost decreases), margins are expected to improve, resulting in



increased optimism for the agri-food sector. The overall outlook for Canadian agriculture and food remains positive due to the growing demand for Canadian food products.

We protect our resilient financial position through robust enterprise risk management and capital management practices. Our enterprise risk management framework ensures that risks are properly identified and managed, and the Board-approved Capital Management policy determines our capital adequacy requirements in relation to these identified risks. These practices help us achieve our strategic objectives while maintaining financial strength and stability.

Portfolio growth

Loans receivable is projected to grow from \$53.9 billion in 2025 to \$72.5 billion in 2030, representing an average annual growth of 6.1% over the plan period. Portfolio growth gradually increases throughout the plan with increased lending opportunities as interest rates decrease and customers invest more in their operations. It also reflects higher risk lending including financing for agribusiness and agri-food startups, underserved groups, sustainability practices, partnerships with other financial institutions and private equity and debt solutions through FCC Capital.

We expect significant growth in lending activities related to sustainable financing as customers will have access to incentives to increase their productivity and adopt sustainable practices. This will provide the tools customers need to boost their operations' resilience to climate change and help make Canada a global leader in sustainable agriculture production.

Income

Net interest income is projected to grow from \$1.4 billion in 2025 to \$2.1 billion in 2030. The increase is driven by an average portfolio growth of 6.1% throughout the plan period and a gradual increase in our net interest margin.

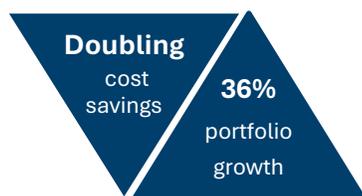
Net interest margin is projected to gradually increase from 2.65% in 2025 to 2.87% by 2030. The increase is driven by the impact more stable interest rates will have on loans, funding, increased risk-taking and customers' product choices. This increase will be partially offset by the strategic use of pricing to increase capital to underserved groups and encourage customers to adopt sustainable practices.

Credit quality

The allowance for credit losses on loans receivable is forecast at \$248 million in 2025 and increases over the plan period to \$406 million. We continue to focus on sound underwriting and risk management practices, including maintaining a portfolio that's well diversified in terms of sector and region.

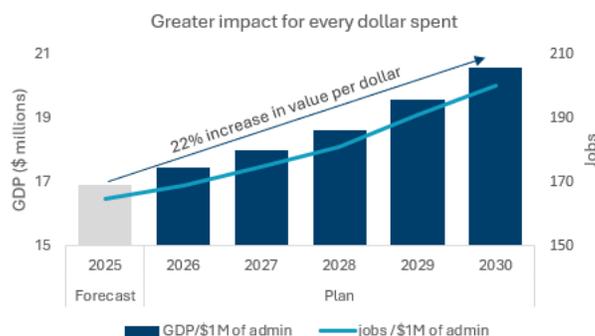
The provision for credit losses is forecast to increase from \$92 million in 2025 to \$137 million in 2030, reflecting the growing portfolio and increased risk we're taking in response to Budget 2024 guidance.

Efficiency



Administration expenses will be \$94 million lower than our prior plan for fiscal 2024 to 2029. Our total savings over our proposed plan will be \$212 million as outlined in Appendix 10, more than double the Budget 2023 spending reduction requirements of \$98 million. These cost savings are being realized despite growth in our portfolio of 36% over the plan period. These savings are the result of our ongoing commitment to efficient use of resources and significant investments in our skills, risk management and technology infrastructure to deliver on our new strategy.

When we compare administration expenses against our projections of economic impact of the capital we've deployed, we'll make significant gains per \$1 million of spending. These results demonstrate how our strategy — in particular increased growth in agribusiness, agri-food and higher risk lending — aligns with the Budget 2024 request that we have a greater impact on Canada's economy.



Our efficiency ratio improves from 47.3% in 2025 to 42.7% in 2030 due to the gradual increase in net interest margin and efficiency gains as the investment in our strategic transformation begins to pay off. Administration expenses increase from \$691 million in 2025 to \$894 million in 2030, reflecting the costs of delivering on our strategy, building resilience across all our foundational capabilities and supporting business growth. The increases also reflect continued investment in our risk management capabilities and technology infrastructure as we take on greater risk and expand our capital solutions.

Redesigning our lending approach will also contribute to the improved outlook on efficiency. The redesign, which will take a few years to complete, aims to improve our ability to respond to customer needs. By streamlining and automating processes, employees will be able to better serve customers and partners.

The initial research and evaluation of Budget 2024 capital deployment initiatives will be funded through cost savings. Costs for full implementation of these initiatives will be included in next year's corporate plan, along with any associated revenues.

Capital asset budget

Capital asset expenditures are expected to increase from \$23 million in 2025 to \$26 million in 2030. Spending will peak at \$38 million in 2026 due to planned renovations for aging office spaces, then will decline throughout the remainder of the plan period.

Borrowings

A growing portfolio increases our borrowing requirements from \$47.2 billion in 2025 to \$63.9 billion in 2030, an average annual growth rate of 6.3%.

Capital management

We'll remain well capitalized over the plan period and maintain a safe and sound capital position to support our strategic direction and, if necessary, withstand economic downturns, supporting the sector through potential trade disruptions, climate change uncertainty and periods of extended loss. Budget 2024 announced changes to requirements for financial Crown corporations, including an amendment to the

Government of Canada's Capital and Dividend Policy Framework for Financial Crown Corporations. These amendments support:

- a more efficient capital structure with a move to a target solvency rating of A
- performance measurement aligned with output-based metrics such as economic growth
- an approach to benchmarking our performance against best practices of peer organizations in similar international jurisdictions

We've consistently assessed our capital position by using Canadian financial institutions as benchmarks. In response to Budget 2024, we've now included international peers in our benchmarking process. Our benchmarking exercise demonstrated we're taking on more risk and holding less capital than our domestic and international peers.

Our target capital ratio has decreased from 15% to 14% of risk-weighted assets, reflecting the change to a solvency target of A and including the benchmarking results. An additional \$1 billion or 2.0% will be held as stretch capital. Half of that amount will support our commitment to provide \$4.4 billion in new higher risk lending from last year's corporate plan; the remainder will support further capital deployment opportunities related to the Budget 2024 initiatives outlined in Section 4.1 Objectives and Activities.

The projected portfolio growth increases risk-weighted assets by an annual average of 6.7%. Total capital is expected to increase from \$8.5 billion in 2025 to \$10.9 billion in 2030, reflecting an average annual growth of 5.1%.

Shareholder return

Return on equity measures the efficiency in generating income relative to equity. Return on equity is projected to increase from 7.9% in 2025 to 10.1% in 2030. This is driven by a gradual increase in portfolio growth and net interest margin over the plan and efficient expense management.

We're projecting payments of \$2.1 billion in dividends to the Government of Canada over the duration of the plan period. The average projected annual amount of \$425 million is higher than the average of \$386 million paid over the last five years. In addition to our annual dividends, we're contributing to Canada's GDP and impacting more jobs for Canadians. Our average annual GDP contribution over the plan period is \$15.5 billion, while our annual average impact on jobs is 151,000.

Appendix 1 — Ministerial mandate letter or direction

FCC mandate letter

Ms. Jane Halford
Chairperson
Farm Credit Canada
1800 Hamilton Street
Regina SK S4P 4L3

Dear Ms. Halford:

The federal government has recognized the importance of a vibrant and sustainable agriculture and agri-food sector to the country's economy and to ensure its food security. We also recognize that Canadian family farms contribute significantly to the vitality of many rural communities across the country.

Therefore, in November 2021, federal, provincial and territorial ministers of agriculture jointly signed the [Guelph Statement](#), which recognizes Canada as a world leader in sustainable agriculture. This vision should also inform the work of Farm Credit Canada (FCC).

Despite many recent challenges, including the COVID-19 pandemic, Canadian agricultural producers and food processors have shown exemplary resilience and continued providing quality products in a particularly difficult context. I would like to thank FCC for supporting the sector by providing financial and advisory services, expanding access to capital and enhancing capital and enhancing its products and services. Canada's producers can rely on FCC as a financial partner in weathering supply chain challenges, commodity price volatility and the rising costs of key agricultural inputs impacted by geopolitical and global market instability. To this end, the Government made sure to support FCC by quickly increasing its capacity to offer financial services.

Reducing greenhouse gas emissions and adapting to climate change remain urgent priorities for our government, and we must ensure that the agricultural sector steps up as a front-line partner. FCC's products and services allow the sector to grow, adopt innovative practices and business models, pursue new markets and close gaps in research, technology and infrastructure. This opens opportunities for early commercialization and deployment of agri-technologies, helping to position Canada as a leader in climate change mitigation.

In addition, in accordance with FCC's mandate, I am asking you to provide the leadership necessary to ensure that it delivers on the following priorities:

- Continue to operate as a responsible lender whose purpose goes beyond financial performance by providing a choice of financing options, filling gaps in industry needs and taking on necessary levels of risk to meet long-term needs, with a primary focus on family farms.
- Continue to be a creative, flexible and patient leader to contribute to a growing and sustainable agricultural sector in Canada, while taking on the necessary levels of risk in order to advance innovation and opportunities for underrepresented groups. Continued efforts should be given to:
 - Build on the Starter Loan, Young Farmer Loan and Young Entrepreneur Loan. Continue to expand and enhance the financial products and services that reduce barriers for young producers, entrepreneurs and underrepresented groups to enter or become more established in Canada's agriculture and food industry, including supporting intergenerational transfers.
 - Offer a steady and stable presence for the Canadian agriculture and agri-food industry through all economic cycles and during challenges, including climate change and natural disasters, price and trade volatility and dysfunctions in the supply chain.

- Enhance input financing as a lever to support producers facing rising input costs associated with geopolitical events and incentivize additional production to combat global food insecurity.
- Enhance support to agri-food and agribusiness entrepreneurs and promote our value-added food processing sector. Support opportunities for early commercialization and deployment of agri-technologies to help position Canada as a leader in sustainability and climate change mitigation.
- Support food security by offering products and services reflecting the social, economic, environmental and health aspects of the agriculture and food system.
- Continue to pursue and promote a strong relationship with other Canadian financial institutions and credit unions and identify opportunities to offer joint financing solutions to mutual customers.
- Be a catalyst in attracting capital to the agriculture and agri-food industry through increased venture capital investment and improved access to capital for industry to accelerate meaningful progress in areas such as improving production capacity and sustainable practices driven by agricultural technology innovation.
- Collaborate with Indigenous communities to encourage more First Nation, Inuit and Métis-led agriculture and food production through targeted financial support and other business solutions.
- Enhance mental health services offerings to support those involved in Canada’s agriculture and food system. Work with and provide financial support to likeminded organizations to assist producers with mental health issues through greater awareness and knowledge dissemination and provide greater access to services and support networks in rural communities.
- Continue to expand FCC’s advisory services, knowledge offerings and farm management tools to support the broad range of core and emerging business management needs of Canadian producers and agribusiness operators seeking to solve new or specific business challenges.
- Continue to support the prioritization of Canadian land ownership by providing financing to individuals and entities that are able to legally do business in Canada and meet provincial land ownership requirements.
- Implement the recommendations outlined in the 2021 Special Examination Report of the Auditor General of Canada to the FCC Board of Directors.
- Begin to report on climate-related financial risks, in accordance with the Budget 2021 commitment. FCC is encouraged to work with other crown corporations to share best practices.

As Agriculture and Agri-Food Canada works to advance sector-specific priorities outlined in my mandate letter, I ask that you continue to support the Deputy Minister, my principal source of public service support and policy advice for the entire Agriculture and Agri-Food Portfolio, in ensuring a coordinated portfolio. I know that I can count on you and the FCC team to fulfil these priorities and that FCC will commit to tracking and reporting on its progress toward results for Canadians.

In closing, I assure you of my full cooperation so that, together, we can continue to build an innovative, sustainable and prosperous future for agricultural and agri-food producers and processors and protect the sector’s reputation for providing high-quality food products to Canada and the world.

Sincerely,

Original signed by

The Honourable Marie-Claude Bibeau, PC, MP

Appendix 2 — Corporate governance structure

Board of Directors

The FCC Board of Directors represents Canadians and the breadth of the agriculture and agri-food industry. The directors' expertise contributes significantly to our strategic direction. The Board ensures we remain focused on our vision, mission and values, and fulfil our public policy role as outlined in FCC's mandate.

The Board is composed of a maximum of 12 directors, including the President and CEO and the Chairperson of the Board. All directors except the President and CEO are independent of management. Biographies of the Board members can be found [at fcc.ca/Leadership](https://fcc.ca/Leadership).

The Board is responsible for the overall governance of FCC. Directors exercise a stewardship role and approve the corporate strategic direction, corporate plan, quarterly financial reports and evolving environmental, social and governance disclosures.

The roles and responsibilities of the Board and its four subcommittees (Audit, Corporate Governance, Human Resources and Risk) can be found at fcc.ca under About FCC > Corporate Profile > Board Charters.

The Board's duties and responsibilities fall under the following broad categories:

- integrity — legal and ethical conduct
- strategic planning and risk management
- sustainability
- financial reporting and public disclosure
- leadership development and succession planning
- government relations communications
- corporate governance

The Board currently holds five formal meetings per year, using a mix of in-person and virtual meetings to ensure business is conducted in an effective and efficient manner. The Board undergoes an annual self-assessment to ensure it assesses its functioning and performance and creates targeted action plans to ensure its continued evolution.

Directors are paid an annual retainer and per diem amounts established by the Governor in Council through the Financial Administration Act. Rates were last set on January 8, 2008. Directors are reimbursed for out-of-pocket expenses, including travel and accommodation, while performing their duties. Directors are subject to their own expense policy, which is substantially the same as the expense policy applicable to FCC employees and was refreshed in March 2023.

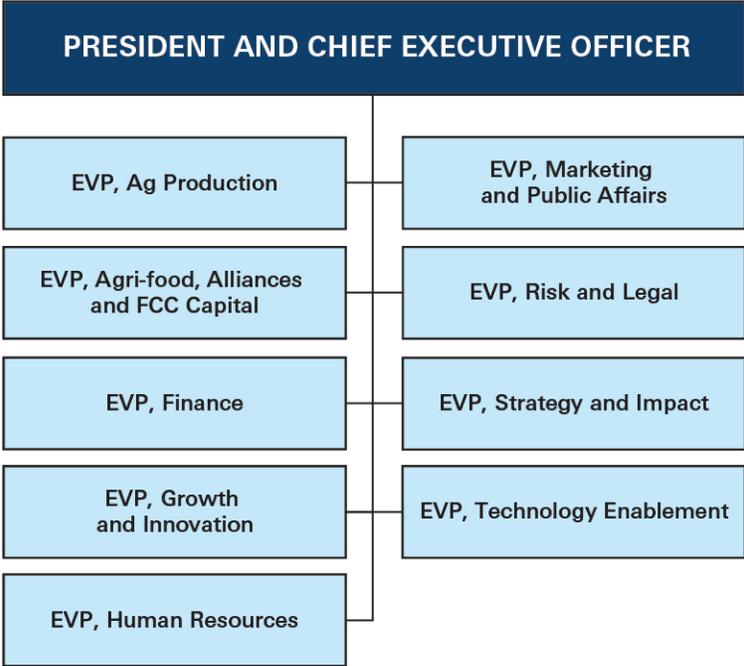
Board member	Current term	Committee memberships	Reporting period (04/01/2023 – 03/31/2024)					
			Committee attendance	Board meeting attendance	Retainer (A)	Per diems (B)	Total remuneration (A+B)	Travel and related expenses
Rita Achrekar	05/21/2021 – 05/20/2025	Human Resources Risk Corporate Governance	4/5 ⁽¹⁾ 5/5 1/4	6/6	6,200.00	25,947.50	32,147.50	10,169.72
Bertha Campbell	02/1/2022 – 01/31/2025	Audit Human Resources	5/5 5/5	6/6	6,200.00	25,705.00	31,905.00	13,771.73
Sylvie Chagnon	05/21/2021 – 05/20/2025	Human Resources Risk Corporate Governance (Chair effective August 24, 2023)	2/5 ⁽²⁾ 5/5 3/4	6/6	6,804.12	29,827.50	36,631.62	7,431.53
Sylvie Cloutier	01/27/2023 – 01/28/2026	Human Resources (Chair) Risk	5/5 4/5	6/6	7,200.00	23,037.50	30,237.50	7,867.99
Laura Donaldson	02/1/2022 – 01/31/2025	Corporate Governance (Chair until August 23, 2023) Audit	4/4 5/5	6/6	6,595.88	26,432.50	33,028.38	9,804.64
Jane Halford ⁽³⁾ (Board Chair)	04/22/2024 – 04/21/2027	The Board Chairperson is an <i>ex officio</i> member of all committees.		6/6	12,400.00	43,407.50	55,807.50	13,844.62
Justine Hendricks	01/30/2023 – 01/29/2028	The CEO is a director but not a member of any specific committee.		6/6	The CEO doesn't receive separate remuneration for her duties as a Board member. The CEO's travel expenses, including any travel required for Board purposes, are disclosed on the Open Government Portal.			
Michele Hengen	05/21/2021 – 05/20/2024	Risk (Chair) Human Resources	5/5 5/5	6/6	7,200.00	27,887.50	35,087.50	6,285.40
James Laws	05/21/2021 – 05/20/2024	Audit Corporate Governance	5/5 4/4	6/6	6,200.00	29,100.00	35,300.00	11,093.33
Michael Tees	05/21/2021 – 05/20/2025	Audit Corporate Governance	5/5 4/4	6/6	6,200.00	24,977.50	31,177.50	18,784.23
Govert Verstralen	02/1/2022 – 01/31/2025	Audit (Chair) Risk	5/5 5/5	6/6	7,200.00	39,042.50	46,242.50	9,419.69

(1) Rita Achrekar moved from the Corporate Governance committee to the Human Resources committee on August 24, 2023.

(2) Sylvie Chagnon moved from the Human Resources committee to the Corporate Governance committee on August 24, 2023, and replaced Laura Donaldson as the Corporate Governance committee Chair.

(3) Order in Council: Effective April 22, 2024 — *Reappointment of Jane Halford of Edmonton, Alberta, as Chairperson of the Board of Directors of Farm Credit Canada, to hold office during pleasure for a term of three years.*

Enterprise Management Team and executive compensation



To implement our new corporate strategy and continuously improve as industry-leading organization, we’ve restructured our Executive Committee to consist of the President and CEO and nine Executive Vice-Presidents (EVPs). We’ve added these four Vice-Presidents to the Executive Committee to form the larger Enterprise Management Team so they can provide expertise and insight.

- Vice-President, Indigenous Relations
- Vice-President, Sustainability
- Vice-President, Internal Audit
- Vice-President, Law and Corporate Secretary

The Executive Committee is responsible for business results and corporate decision-making, including setting strategic objectives, approving the investment strategy and solving major strategic issues. Bound by the FCC Code of Conduct, our executive leaders adhere to the highest ethical standards of business, professional and personal conduct.

Biographies are available at fcc.ca/Leadership.

Executive compensation

In 2023, FCC began updating our executive compensation framework to ensure we’re consistently delivering sustainable returns to our shareholder in a responsible, accountable and fair manner, while also recognizing we must compete for talent.

Executive compensation is designed to encourage reliable and accountable behaviour through a pay-for-performance structure. The program is aligned with FCC’s culture, emphasizing the achievement of measurable objectives and rewards for delivering planned work. The objectives are aligned with strategic objectives, operational efficiency and direction from the Government of Canada. The program also aims to compensate executives fairly based on the scope, impact and complexity of their roles from both internal and external perspectives.

The Governor in Council establishes the President and CEO's compensation. The salary range is \$382,300 to \$448,700, with a maximum performance award of 26% of base salary.

The salary ranges and performance-based pay for the Executive Vice-Presidents are based on a comparative analysis of industry peers from both the private and public sectors, with FCC aiming to align with market rates. Executive compensation programs are disclosed, reviewed and approved by the FCC Board of Directors.

In Budget 2024, the Government of Canada provided direction to financial Crowns that executive compensation is, in part, tied to measures and targets associated with the redefined risk appetite, productivity and economic growth metrics. To address this direction, FCC presented a revised incentive framework to our Board of Directors in October 2024. The framework uses objectives established annually through the corporate strategic planning process to create executive management objectives, which are cascaded throughout each executive's area of responsibility as either leading or enabling initiatives. These objectives form a significant part of the overall enterprise and divisional scorecards that drive pay-for-performance outcomes. It is our view that this approach aligns with the Budget 2024 direction, striking the right balance of supporting an increased risk appetite while still reflecting the financial responsibility of financial institutions.

For example, executive compensation is directly tied to the new measures and targets added to this corporate plan, including:

- productivity measures
- targets for gross domestic product (GDP) and job growth to demonstrate FCC's economic impact
- targets for net new higher-risk investments, including equity and debt, as a percentage of FCC's portfolio

The targets informing these portions of the framework can be found in Appendix 3.

The executive compensation framework represents the initial stages of ensuring executive compensation is tied to the government's current priorities. Additional enhancements to the program, including measures, are expected to be incorporated into FCC's 2027-31 Corporate Plan. Pay-for-performance principles are implemented on an ongoing basis.

Senior Leadership Team

The Senior Leadership Team consists of the President and CEO, Executive Vice-Presidents, Senior Vice-Presidents and Vice-Presidents. This team provides input on corporate priorities to achieve strategic objectives that are consistent with FCC's mandate and approved direction.

Governance framework

FCC's governance framework includes several committees to guide corporate decision-making. The current committees and their broad purpose are provided in the table below.

Committee	Purpose
Asset Liability	Provides oversight, direction and decision-making related to the financial performance of FCC's assets and liabilities, ensuring achievement of short-term financial targets, long-term financial stability and risk appetite compliance.
Credit Policy	<p>Oversees the development of FCC's credit risk policies in accordance with the Enterprise Policy Framework.</p> <p>Ensures credit risk policies reflect our strategy, risk appetite and culture, while complying with Board-approved risk policies, industry best practices and federal, provincial and regional laws and regulations.</p>
Enterprise Risk Management	<p>Oversees the effective management of all risks within our Board-approved risk appetite.</p> <p>Provides a healthy risk culture.</p> <p>Sets the tone and standards for enterprise-wide risk management through approval of risk policies.</p>
Growth and Innovation	Supports FCC in fulfilling our strategy by fostering an innovative culture, enabling product development and internal improvements, while aligning with our short- and long- term strategic direction.
Initiative Oversight	Prioritizes, sequences and approves funding to best achieve corporate objectives and key results.
Investment	Oversees FCC's capital deployment operations, excluding the lending that occurs under the Lending Committee mandate.
Lending	Provides oversight of FCC's lending portfolio and risk appetite and makes decisions regarding lending programs, policies and procedures.
Lending Review	Provides early-stage triage on whether or not to proceed with due diligence on potential lending transactions that meet specified criteria.
Model Governance	Approves the implementation of risk and finance models and oversees risk throughout the model life cycle, consistent with the risk appetite of the organization.
Operational Risk Management	Oversees the efficient and effective management of FCC's operational risks.
Pension Management	<p>Provides prudent oversight of the pension plan.</p> <p>Supports the Board in its Plan Sponsor and Plan Administrator responsibilities.</p>

Appendix 3 — Planned results

Short-term outcomes				
Key impact area	FCC key performance indicator	2026 target	2030 target	Data strategy
Productivity, affordability, food security	Drive Away Hunger program: number of days food insecurity was reduced for affected Canadians through donations and redirected food waste	34.4 days	35.5 days	Internal Source Systems, Internal Files
Indigenous and underserved farmers and producers	Partnership Accreditation in Indigenous Relations (PAIR) Certification	Achieve minimum Silver	Maintain Gold	Internal Source Systems, Internal Files
Industry long-term viability	Advisory and premium knowledge program engagements	1,365 customer engagements	2,195 customer engagements	Internal Source Systems
Resilient and strong FCC built for long-term sustainability	Operational lending control effectiveness	>=90%	>=90%	Internal Source Systems
	Employee engagement score: within range	7.5 - 8.0 out of 10.0	8.0 – 8.5 out of 10.0	Internal Source Systems

Medium-term outcomes				
Key impact area	FCC key performance indicator	2026 target	2030 target	Data strategy
Innovation, exports and economic growth	Loans receivable growth	5.1%	7.2%	Internal Source Systems
	Portfolio risk profile: Amount of portfolio comprised of net new higher risk investments (equity and debt)*	\$825 million	\$5 billion	Integrated Systems and Data Warehouse, Internal Files
Climate change and nature-based solutions	Financing through Sustainable Finance Framework**	\$225 million	\$1.9 billion	Internal Source Systems, Internal Files
Industry long-term viability	Percentage of FCC customer count in small and medium-sized segments: ag production and agribusiness and agri-food operators	AgP: >= 90% A&A: >= 90%	AgP: >= 90% A&A: >= 90%	Integrated Systems and Data Warehouse
	AgExpert: number of acres of farmland tracked	6.5 million	12 million	Internal Source Systems

Resilient and strong FCC built for long-term sustainability	Net Promoter Score®	Within range: 69-73	Within range: 69-73	External Source Systems
	Overall employee representation rate:			
	Indigenous Peoples	3.1%	3.1%	Internal Source Systems
	Persons with disabilities	5.1%	6.9%	Internal Source Systems
	Members of visible minorities groups	14.4%	16.7%	Internal Source Systems
	Women in Leadership (Directors+)	43.9%	48%	Internal Source Systems

*Net new higher risk investments include sustainable finance and private capital equity and debt solutions, including senior debt that doesn't meet the standard risk model criteria.

**Targets for the Sustainable Finance Framework are also accounted for in the portfolio risk profile targets. This measure is specific to the Sustainable Finance Framework portion.

Long-term outcomes				
Key impact area	FCC key performance indicator	2026 target	2030 target	Data strategy
Innovation, exports and economic growth	Economic Impact (year-over-year growth): <ul style="list-style-type: none"> GDP Jobs 	GDP: 10.6% Jobs: 10.4%	GDP: 9.7% Jobs: 9.7%	Integrated Systems and Data Warehouse, External Source Systems
Productivity, affordability, food security	Productivity impact measures	Establish baseline and targets	TBA	Integrated Systems and Data Warehouse, External Source Systems
Indigenous and underserved farmers and producers	Number of current customers FCC serves who belong to underserved groups*:			
	Under age 40	21,000	N/A	Integrated Systems and Data Warehouse
	Indigenous	1,362	N/A	Integrated Systems and Data Warehouse
	Female	24,950	N/A	Integrated Systems and Data Warehouse
Climate change and nature-based solutions	Sustainability incentive adoption	15% increase over previous year	15% increase over previous year	Internal Files
	Raising awareness: Percentage of FCC Vision panelists reporting environmental sustainability as important	>=60%	>=70%	External Source Systems
Resilient and strong FCC built	Reduction in operational carbon footprint (OCF)	12% reduction	36% reduction from 2024	Internal Source Systems, Internal Files

for long-term sustainability	Scope 1 and 2 emissions	from 2024 baseline	baseline	
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*This measure will be discontinued for the next plan period and replaced with a new impact measure; therefore, five-year targets have been removed.

To better measure our performance as we deliver our new strategy, we’ve added the following key performance indicators to our planned results:

- Loan risk profile
- Partnership Accreditation in Indigenous Relations (PAIR) Certification
- Financing captured by the Sustainable Finance Framework
- Raising awareness: environmental sustainability
- AgExpert: number of acres of farmland tracked
- Employee engagement
- Employee equity representation
- Operational lending control effectiveness

The following measures have been previously included as key performance indicators and reported on using slightly different language. This is the modified wording of these measures for clarity to better reflect what’s being measured:

- Economic impact: GDP and jobs facilitated growth
- Loans receivable growth
- Advisory and premium knowledge program engagements
- Drive Away Hunger program: number of days food insecurity reduced
- Operational carbon footprint (OCF)

The following measures from 2024-25 Corporate Plan have been discontinued:

- Smart farm support
- Accelerate growth in net new agribusiness and agri-food customers
- Venture capital investments through new direct investment channels
- Percentage of total employees hired are members of employment equity groups
- Public trust in food system

Chief Executive Officer commitment: I, Justine Hendricks, as President and Chief Executive Officer of Farm Credit Canada, am accountable to the Board of Directors of Farm Credit Canada for the implementation of the results described in this corporate plan and outlined in this appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



 Justine Hendricks
 President and Chief Executive Officer
 Farm Credit Canada

January 9, 2025

 Date

Appendix 4 — Executive Vice-President, Finance (CFO) Attestation

In my capacity as Executive Vice-President, Finance of Farm Credit Canada, accountable to the Chief Executive Officer who is accountable to the Board of Directors of Farm Credit Canada, I have reviewed the corporate plan and budgets, and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan.
5. The corporate plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the corporation.

In my opinion, the financial information contained in this corporate plan and budgets is sufficient overall to support decision making.



Corinna Mitchell-Beaudin
Executive Vice-President, Finance
Farm Credit Canada

January 12, 2025

month, day, year

Appendix 5 — Financial statements and budget

5.1 Financial statements

Caution regarding forward-looking statements

The information in the corporate plan includes forward-looking financial information based on assumptions that reflect management's planned course of action with the most probable set of economic conditions. By nature, assumptions are subject to inherent risks and uncertainties. There's significant risk that actual results may vary and that the differences may be material. Some factors that could cause differences include, but aren't limited to, trade disruptions, extreme weather conditions, inflationary pressure, interest rates and supply chain challenges.

Consolidated Balance Sheet

As at March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Assets				
Cash and cash equivalents	1,559	1,320	1,560	1,550
Short-term investments	446	580	440	550
Accounts receivable and prepaid expenses	34	35	34	32
Loans receivable				
Loans receivable - total	50,995	53,322	53,933	56,708
Allowance for credit losses	(195)	(181)	(248)	(261)
Loans receivable - net	50,800	53,141	53,685	56,447
Other loans receivable - net	21	7	10	25
Investments	225	311	321	423
Right-of-use assets	154	164	143	136
Property and equipment	24	29	18	28
Intangible assets	9	12	12	14
Post-employment benefit assets	245	260	281	303
Other assets	4	5	5	5
Total assets	53,521	55,864	56,509	59,513
Liabilities				
Accounts payable and accrued liabilities	105	100	108	113
Borrowings				
Short-term debt	8,314	10,586	9,694	11,420
Long-term debt	35,932	36,038	37,510	38,296
Total borrowings	44,246	46,624	47,204	49,716
Transition loan liabilities	177	179	179	182
Lease liabilities	158	168	150	147
Post-employment benefit liabilities	91	104	106	118
Other liabilities	8	3	3	4
Total liabilities	44,785	47,178	47,750	50,280
Equity				
Retained earnings	8,736	8,686	8,759	9,233
Total equity	8,736	8,686	8,759	9,233
Total liabilities and equity	53,521	55,864	56,509	59,513

Consolidated Statement of Income

Fiscal year ending March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Interest income	2,806	3,118	3,006	3,013
Interest expense	(1,441)	(1,645)	(1,557)	(1,459)
Net interest income	1,365	1,473	1,449	1,554
Insurance distribution income	17	17	14	14
Net gain (loss) from financial instruments carried at fair value	(19)	1	7	13
Other income (expense)	(4)	1	-	(8)
Non-interest income (expense)	(6)	19	21	19
Total revenue	1,359	1,492	1,470	1,573
Provision for credit losses	(77)	(52)	(92)	(65)
Administration expenses	(605)	(705)	(691)	(750)
Net income	677	735	687	758

Consolidated Statement of Comprehensive Income

Fiscal year ending March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Net income	677	735	687	758
Other comprehensive (loss) income				
Item that will never be reclassified to net income				
Remeasurement of post-employment benefit assets and liabilities	(58)	(2)	26	10
Total comprehensive income	619	733	713	768

Consolidated Statement of Changes in Equity

Fiscal year ending March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Retained earnings				
Balance, beginning of year	8,327	8,758	8,736	8,759
Net income	677	735	687	758
Other comprehensive (loss) income	(58)	(2)	26	10
Dividend paid	(210)	(805)	(690)	(294)
Balance, end of year	8,736	8,686	8,759	9,233
Total equity	8,736	8,686	8,759	9,233

Consolidated Statement of Cash Flows

As at March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Operating activities				
Net income	677	735	687	758
Adjustments to determine net cash (used in) provided by operating activities:				
Interest income	(2,806)	(3,118)	(3,006)	(3,013)
Interest expense	1,441	1,645	1,557	1,459
Provision for credit losses	77	52	92	65
Net unrealized loss (gain) from financial instruments carried at fair value	22	(5)	(7)	(13)
Depreciation of right-of-use assets	16	17	16	16
Depreciation of property and equipment	9	11	8	9
Amortization of intangible assets	5	8	5	8
Miscellaneous income	(3)	-	-	-
Net cash outflow from loans receivable	(3,078)	(2,622)	(3,225)	(2,794)
Net change in other operating assets and liabilities	4	5	5	3
Interest received	2,718	3,078	2,997	2,982
Interest paid	(1,378)	(1,645)	(1,318)	(1,459)
Cash used in operating activities	(2,296)	(1,839)	(2,189)	(1,979)
Investing activities				
Purchase of short-term investments	(1,256)	(100)	(3)	(110)
Proceeds from maturity of short-term investments	1,039	-	-	-
Disbursements of other loans receivable	-	-	-	(15)
Repayments from other loans receivable	5	-	13	-
Acquisition of investments	(49)	(127)	(76)	(102)
Proceeds from sale and repayment of investments	7	59	5	19
Purchase of property and equipment	(8)	(15)	(2)	(19)
Purchase of intangible assets	(4)	(10)	(9)	(10)
Cash used in investing activities	(266)	(193)	(72)	(237)
Financing activities				
Long-term debt issued	10,781	11,949	11,522	11,806
Long-term debt repaid	(7,006)	(9,395)	(8,717)	(9,944)
Short-term debt issued	13,502	14,160	9,548	16,020
Short-term debt repaid	(14,464)	(14,060)	(9,395)	(15,370)
Principal repayment of lease liabilities	(15)	(17)	(6)	(12)
Dividend paid	(460)	(805)	(690)	(294)
Cash provided by financing activities	2,338	1,832	2,262	2,206
Change in cash and cash equivalents	(224)	(200)	1	(10)
Cash and cash equivalents, beginning of year	1,782	1,520	1,559	1,560
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	1	-	-	-
Cash and cash equivalents, end of year	1,559	1,320	1,560	1,550

5.2 Operating budget

The operating budget provides details of FCC's forecast income and expenses based on projected revenues over the plan period. We submit it for Treasury Board approval in accordance with section 123 of the Financial Administration Act. The table in Appendix 5.2.1 summarizes operating budget information for the preceding, current and future plan years.

5.2.1 Operating budget summary

Fiscal year ending March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Portfolio growth				
Loans receivable	50,995	53,322	53,933	56,708
Loans receivable growth rate (%)	6.5	5.1	5.8	5.1
FCC Capital portfolio	246	318	331	448
Income				
Net interest income and margin				
Net interest income	1,365	1,473	1,449	1,554
Net interest margin (%)	2.66	2.72	2.65	2.70
Non-interest income				
Insurance distribution income	17	17	14	14
Net gain (loss) from financial instruments carried at fair value	(19)	1	7	13
Other (expense) income	(4)	1	-	(8)
Credit quality				
Credit-impaired loans	957	896	1,343	1,576
Allowance for credit losses - loans receivable	195	181	248	261
Allowance as a % of loans receivable	0.38	0.34	0.46	0.46
Write-offs	58	50	48	56
Provision for credit losses	77	52	92	65
Efficiency				
Administration expenses	605	705	691	750
Efficiency ratio (%)	43.8	47.5	47.3	48.1
Funding				
Borrowings	44,246	46,624	47,204	49,716
Capital management				
Total capital	8,482	8,414	8,466	8,915
Risk-weighted assets	48,607	50,559	51,586	54,611
Total capital ratio (%)	17.4	16.6	16.4	16.3
Debt-to-equity (X:1)	5.1	5.4	5.5	5.4
Liquidity risk management				
Cash and cash equivalents	1,559	1,320	1,560	1,550
Short-term investments	446	580	440	550
Shareholder return				
Net income	677	735	687	758
Return on equity (%)	7.8	8.4	7.9	8.4
Dividends	460	805	690	294
Gross domestic product (GDP) contribution*	11,500	-	11,700	13,000
Jobs facilitated (thousands)*	113	-	114	126

*We've introduced new economic measures in our proposed plan. These measures were initially calculated for our 2024 year end. As such, they are unavailable for our previously approved plan as we have not retroactively calculated these measures for our prior planning cycle.

5.2.2 Overview of operating budget projections

Portfolio growth

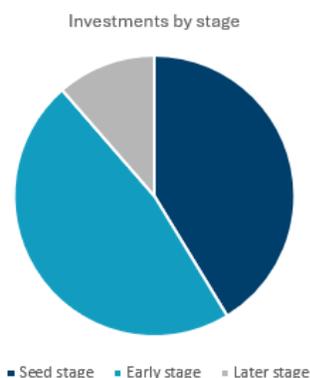
Loans receivable growth in the 2025 forecast is \$0.6 billion or 0.7% higher than planned, and the portfolio is projected to grow by \$2.8 billion or 5.1% in the 2026 plan. Demand for farmland remains robust; with the recent decline in interest rates, the lower cost of borrowing will reduce some of the pressure customers are facing with elevated input, equipment and building costs. The lower cost of borrowing, along with strong liquidity for primary producers, increases the likelihood customers will invest in their operations and supports an improved outlook for agribusinesses. This is reflected in farm debt outstanding, which is projected to increase by 5.5% in 2026. On the agri-food side, cost pressures are slowly easing and margins are expected to improve.

Growth is projected across primary production financing and point-of-sale financing done through alliance relationships, which represent the majority of loans receivable at 84% in the 2025 forecast and 83% in the 2026 plan. In the 2026 plan, the loans receivable portfolio includes \$47.1 billion in primary production and alliances and \$9.6 billion in agribusiness and agri-food. Despite being the smaller business line, agribusiness and agri-food is projected to grow by 8.7% in 2026, compared to the 4.5% growth in primary production. This increase in agribusiness and agri-food lending is a result of our strategic intention to serve more customers by taking additional calculated risks. However, our sustainable finance products will serve both business lines as we help the industry increase productivity and improve sustainability practices. The increased mix of agribusiness and agri-food lending in our portfolio contributes favourably to our impact on the Canadian economy in terms of GDP and jobs.

In 2025, capital we deploy to primary producers is projected to contribute \$8.0 billion to Canada's GDP and 78,000 jobs, while capital we deploy to agribusinesses and agri-food operators is projected to contribute \$3.7 billion in GDP and 36,000 jobs. The economic impact increases in 2026 as our disbursements increase, generating \$8.6 billion in GDP and 84,000 jobs for primary producers, and \$4.4 billion in GDP and 42,000 jobs for agribusinesses and agri-food operators. These figures gradually increase throughout the plan period, demonstrating our positive impact on our industry and the Canadian economy.

Our **FCC Capital** portfolio provides alternative financing primarily through private equity and debt solutions and fund investments. Investment objectives support the agriculture sector across the entire life cycle, from seed and early stage to growth and late stage. These investments help strengthen agriculture innovation and productivity and develop strong Canadian agriculture and agri-food companies. We play an important role in filling financing gaps for Canadian agriculture and agri-food businesses and entrepreneurs.

In fiscal 2025, FCC Capital launched new direct investment channels to the Canadian market, leveraging partnerships and collaborating with existing capital players to increase both capital solution and value creation services over the plan period. These investments are inherently higher risk in nature compared to our loan portfolio. While we're appropriately managing these risks, the increased exposure in this segment brings the potential for higher losses and volatility in results due to greater complexities and valuation requirements.



Our current FCC Capital investment mix has a high concentration in the earlier stages. As we proceed with further investments, this mix will remain similar, so the risks associated with these types of investments will remain high throughout the plan.

Our portfolio of investments is projected to grow by \$117 million from our 2025 forecast to 2026 plan. This significant increase reflects our commitment to deploying capital through direct investments as well as through our fund investments. The total amount invested also includes the increase in the fair value of underlying investments within our existing portfolio.

In addition to expanding investments, we drive innovation by funding organizations that provide accelerator services to startup and early-stage businesses.

Income

Net interest income reflects the revenue generated from our loans. We need to ensure we're earning enough income to cover the cost of operations and meet our capital requirements while investing in the agriculture and food industry and providing consistent returns to our shareholder. Net interest income consists of revenue from interest-earning assets (loans receivable, cash and short-term investments, and other loans receivable), partly offset by expense on interest-bearing borrowings used to support our operations.

The net interest income forecast is \$24 million lower than the 2025 plan because more customers chose lower margin products as a means of managing their costs through the higher interest rate environment. Net interest income is expected to increase by \$105 million from the 2025 forecast to the 2026 plan. This is primarily due to a 5.1% growth in loans receivable contributing to higher earning assets and an increase in our net interest margin.

Net interest margin is net interest income expressed as a percentage of average interest-earning assets.

The net interest margin for the 2025 forecast is 0.07% lower than the 2025 plan due to the impact of higher than planned interest rates on marketplace dynamics. In 2026, as interest rates continue to stabilize and pricing pressures decrease, net interest margin is projected to increase. This increase will be partially offset by our strategic use of pricing to make more capital available to underserved groups and encourage the adoption of sustainable practices.

Non-interest income is generated mainly through loan insurance and FCC Capital equity investments. The non-interest income forecast of \$21 million is higher than the 2025 plan of \$18 million due to FCC Capital investments income and higher net gains from financial instruments carried at fair value. Non-interest income is projected to increase in 2026 to \$27 million due to a higher net gain from financial instruments carried at fair value. As we continue to invest more capital to support innovation and growth in our industry, volatility in market valuations could create larger shifts in income than in the past.

Other expenses include costs associated with sustainability incentive programs and operational emission reduction activities. The 2025 forecast projects a \$1 million increase in expenses compared to

2025 plan as we increase the size of our sustainability incentive programs. These expenses are projected to increase by \$8 million in 2026 as we continue to encourage the adoption of sustainable practices in support of the Government of Canada's carbon reduction goals.

Credit quality

Credit quality is a key factor in ensuring we can continue to offer financing and services to the agriculture and food industry. We monitor our portfolio and the industry to proactively identify issues and develop solutions to help customers through difficult times.

Using sound business practices, we analyze credit quality and monitor loans that are past due or impaired. This allows us to better assess the appropriate level of allowance for credit losses and determine if risks are within the tolerances stated in our Board-approved risk management policies.

To meet our commitment to provide capital and take more risk, we expanded our risk tolerance through new credit risk criteria for security, cash flow and management experience requirements. This will enable more producers to participate in the Canadian food value chain. In addition, recent payment deferral trends have identified increased risk in our existing portfolio. As a result of this expanded risk tolerance, both credit-impaired loans and write-offs increased as a percentage of loans receivable from the 2025 forecast to the 2026 plan:

- **Credit-impaired loans** are projected to increase from 2.49% to 2.78%.
- **Write-offs** are projected to increase from 0.09% to 0.10%.

The **allowance for credit losses** as a percentage of loans receivable is forecast to be higher than the 2025 plan by 0.12%, reflecting the above-mentioned trends. With cost pressures easing for our customers, the trend is projected to even out in the 2026 plan and the allowance for credit losses is projected to remain consistent at 0.46%.

Provision for credit losses is projected at \$92 million in the 2025 forecast, higher than plan due to the increase in payment deferrals. Because the allowance for credit losses is expected to be steadier in 2026, the provision for credit losses will decrease to \$65 million.

Efficiency

Cost management and operational efficiency, balanced against the requirements for advancing our strategy and key impact areas, are key to enhancing our resilience. We'll invest in our employees' skills, risk management practices and technology infrastructure to deliver on our new strategy and maintain our position as a leader in providing capital solutions in support of Canadian agriculture and food processors.

The **efficiency ratio** is forecast to be 0.2% lower in 2025 due to lower administration expenses. The decrease in expenses more than offset the lower-than-plan net interest income.

The efficiency ratio is projected to increase to 48.1% in the 2026 plan, up from the 2025 forecast of 47.3%. This is primarily due to an increase in administration expenses for short-term investments to support strategic transformation, which is partially offset by increased net interest income through portfolio growth.

Administration expenses

Administration expenses are anticipated to be \$14 million lower than the 2025 plan. This is driven by fewer new permanent positions being added and recruitment timing. These gains are partially offset by additional spending on outsourced workforce to support the achievement of our new strategy through flexible resource augmentation.

Administration expenses are projected to increase by \$59 million from the 2025 forecast to 2026 plan as a result of:

- an increase in employee compensation and benefits and outsourced workforce expenses to balance short-term investment needs required to support strategic initiatives in key impact areas
- the full year impact of new positions added throughout 2025

The proposed position adds reflects our commitment to find efficiencies through improved workforce planning and prioritization, technology use and gains from simplifying lending processes.

Overall, our total projected administration expenses are lower than our prior year plan, which reflects our commitment to the Federal Budget 2023 cost reduction requirements outlined in Appendix 10.

Capital management

FCC holds enough capital to maintain a safe and sound position to support our strategic direction and withstand economic downturns, climate change uncertainty and periods of extended loss.

Capital adequacy assessment is a comparison of our total capital to minimum regulatory capital and target capital to ensure we have adequate capital now and in the future. We base our total capital, minimum capital and risk-weighted assets on the Capital Adequacy Requirements guideline issued by the Office of the Superintendent of Financial Institutions. Our internal capital adequacy assessment process is used to determine an appropriate target capital ratio.

Based on the Government of Canada's amendments to the Capital and Dividend Policy Framework for Financial Crown Corporations announced in Budget 2024, we established 14% of risk-weighted assets as our required capital ratio. This is a decrease of 1% driven by:

- our recalculated credit risk capital hold, moving from AA solvency to A solvency
- the results of international peer benchmarking along with an assessment of operating capital requirements completed in adherence with the federal government's revised framework

An additional \$1 billion in capital will be held above the 14% required target capital ratio to establish our stretch target capital ratio. Half of the stretch capital will support \$4.4 billion of new higher risk lending activities, while the other half will be used to explore further opportunities to provide capital from Budget 2024. Over the planning period, we expect to reduce the additional \$1 billion in stretch capital as the capital is deployed and the corresponding risk is incorporated in our portfolio through capital requirements and risk-weighted assets.

Total capital ratio is expected to be 16.4% in the 2025 forecast, slightly lower than the plan amount of 16.6% due to increased growth and risk.

In 2026, total capital ratio of 16.3% is higher than the 2025 forecast, primarily due to increases in net income that contribute to growth in retained earnings but offset by dividends paid to our shareholder.

The **debt-to-equity** ratio is forecast to be 5.5 to 1 in 2025, a slight increase compared to the 2025 plan. In 2026, it's projected to decrease to 5.4 to 1. This change is due to fluctuations in debt requirements to fund portfolio growth relative to the growth of retained earnings. The ratio is projected to remain well below the maximum 12 to 1 debt-to-equity ratio set under the Farm Credit Canada Act.

Shareholder return

Net income for 2025 is forecast to be \$48 million lower than the 2025 plan. The forecast decrease is driven by the lower net interest margin resulting from the interest rate environment and the impacts it's having on customer product decisions. This is partially offset by a decrease in administration expenses with cost savings from adding fewer new positions.

Net income is projected to increase by \$71 million in 2026 due to a growing portfolio and a higher net interest margin. This is partially offset by increased spending as we continue to invest in operational growth and our foundational capabilities in support of our strategy.

Return on equity is forecast at 7.9% compared to 8.4% in the 2025 plan, primarily due to the impact the lower net interest margin is having on net income. Return on equity increases to 8.4% in 2026 due to the increase in net income.

Dividends are paid to the Government of Canada at the discretion of the Board of Directors. Our Capital Management policy links the dividend payment to excess capital above our stretch target capital requirements. This is consistent with the Capital and Dividend Policy Framework for Financial Crown Corporations and our year-end capital adequacy assessment. We maintain a strong capital position and made a dividend payment of \$690 million in fiscal 2025.

5.2.4 Key assumptions and sensitivity analysis

We use several financial models to determine the five-year plan projections, which are based on input assumptions consistent with historical experience and approved by management and the Board of Directors. We also run sensitivity and scenario analyses to support our financial planning, risk management and resource allocation. This ensures we're making prudent financial and risk management decisions over the long term.

Key assumptions used in the models are based on the economic forecast data outlined in section 3.0. Changes in economic factors may significantly impact our financial health. We closely follow macroeconomic trends and consider them in the financial projections for the plan period. Loans receivable growth is closely correlated to farmland values and farm debt outstanding, while interest rates influence net interest margin and lending behaviour. Interest rates and farm cash receipts can also impact loan recovery.

Sensitivity analysis (major drivers)

The table below shows the impact of changes to key variables on projected net income, efficiency ratio and return on equity for 2026.

Fiscal year ending March 31 (millions of Canadian dollars)	Change in net income	
	Change	2026 Plan
Loans receivable	+/- 1%	+/- 10
Net interest margin	+/- 0.02%	+/- 12
Interest rate curves	+ 1%	+ 19
Allowance for credit losses	+/- 0.05%	+/- (28)
	Change in efficiency ratio	
Administration expenses	+/- \$5 million	+/- 0.48%
Income	+/- \$5 million	+/- 0.15%
	Change in return on equity	
Net income	+/- \$5 million	+/- 0.06%

5.3 Capital asset budget

The 2026 capital budget is submitted for Treasury Board approval in accordance with section 124 of the Financial Administration Act.

Capital asset additions for the 2025 forecast are \$23 million, a decrease of \$31 million from the 2025 plan primarily because we obtained new office space in Toronto and Ottawa earlier than initially planned. As our operations grow, we'll have future leases in new areas. In addition, some renovation projects have been shifted to start later than expected.

Capital asset expenditures are expected to increase from \$23 million in 2025 to \$38 million in 2026 primarily due to planned renovations for aging office space. These renovations will address end-of-life mechanical needs as well as accessibility and technology requirements to support the hybrid work environment.

Fiscal year ending March 31 (millions of Canadian dollars)	2024 Actual	2025 Plan	2025 Forecast	2026 Plan
Furniture and equipment	1	4	3	5
Leasehold improvements	1	9	4	11
Right-of-use assets	16	28	6	9
Occupancy	18	41	13	25
Computer hardware	2	3	1	3
Intangible assets	1	10	9	10
Technology	3	13	10	13
Total capital asset budget	21	54	23	38

Appendix 6 — Borrowing plan summary

To meet the forecasting funding requirements, FCC requests authority from the Minister of Finance to borrow from the Crown Borrowing Program and capital markets as follows:

- i. Short-term financing not exceeding a maximum outstanding of \$8.0 billion, which includes:
 - Short-term borrowings from the Crown Borrowing Program
 - A maximum outstanding of \$75 million through an operating line of credit
 - A maximum outstanding of U.S. \$1.55 billion short-term financing from domestic money markets
- ii. Long-term financing not exceeding \$17.0 billion of new issuances through the Crown Borrowing Program

Appendix 7 — Risk and risk responses

Risk governance

The Board of Directors oversees FCC’s Enterprise Risk Management framework and policy to ensure risk management is integrated with strategic, financial and operating plans. The Executive Vice-President, Risk and Legal leads a risk division that’s independent from the operational management of FCC and supports the Board with its oversight accountabilities.

Each category of risk is governed by a Board-approved policy that explains how to identify, assess, manage, monitor and report risks in accordance with:

- our risk appetite framework
- the Farm Credit Canada Act
- where applicable, the Finance Minister’s Financial Risk Management Guidelines for Crown Corporations (August 2009)

Our Executive Leadership team and Board of Directors regularly monitor each category of risk for emerging and evolving trends. In a complicated geopolitical environment, this means regular reviews by the Executive Leadership team of FCC’s risk levels to ensure we have the mechanisms in place to continue to support the Canadian agriculture and food sectors.

Summary of key risks

Note: This is how we define risk:

- Inherent risk — the risk to FCC if no mitigating factors or controls were in place
- Residual risk — the risk to FCC with the mitigating factors we currently have in place

Category and description of the risk	Impact and response
<p>Strategic risk refers to the risk arising from the external environment and our ability to develop and implement effective business strategies and maintain our relevance in the marketplace.</p>	<p>Impact: Unforeseen change in the external or internal environment impacts our strategic needs or ability to achieve our strategy.</p> <p>Response: Potential strategic risks are identified and analyzed through a variety of activities including stakeholder outreach, research, external scanning and consultation with subject matter experts.</p> <p>The Board of Directors discusses the top risks to FCC during its involvement in the strategic planning cycle.</p> <p>Executive Committee members are accountable for managing top risks, monitoring key risk indicators and reporting to the Board on a quarterly basis through enterprise risk reporting.</p>
<p>Financial risk is broken down into these subcategories:</p> <ul style="list-style-type: none"> - credit - liquidity - market 	<p>Each subcategory of risk is managed independently as noted below.</p>

Category and description of the risk	Impact and response
<p>Credit risk is the risk of financial loss if a borrower or other counterparty fails to meet its financial commitments to FCC.</p>	<p>Impact: Direct financial loss.</p> <p>Response: We reduce the inherent credit risk by applying sound credit adjudication practices and diversifying across Canada and within the agriculture and agri-food sectors.</p> <p>We rely on committees, divisions and business units to effectively manage credit risk. We have specific policies, processes, systems and strategies to manage credit risk in the lending portfolio.</p> <p>We analyze and model our risk to determine our capital requirements and the allowance for credit losses to ensure we're financially resilient over time.</p> <p>Limits have been established for credit risk, portfolio concentration risk, government and banking liquidity investments, and counterparty credit risk for derivatives.</p>
<p>Liquidity risk is the risk that we have insufficient funds to meet our payment obligations.</p>	<p>Impact: Inability to pay our debts and lend money to customers.</p> <p>Response: We minimize liquidity risk by using a liquid investment portfolio, getting funding through the Crown Borrowing Framework and accessing an operating line of credit.</p> <p>Policy limits have been established for liquidity risk.</p>
<p>Market risk is the potential for loss due to adverse changes in underlying market factors, such as interest rates and foreign exchange rates.</p>	<p>Impact: Direct financial loss.</p> <p>Response: We identify the sources of market risk, measure these exposures and use financial management processes and controls to assess and manage these risks. We monitor exposure to interest rate risk through scenario analysis, where we measure the sensitivity of net interest income and fair values to a change in interest rates and balance sheet assumptions.</p> <p>Policy limits and management thresholds have been established for net interest income variability and the decline in market value of portfolio equity. Other metrics are used to ensure a complete view.</p> <p>We minimize foreign currency exposure primarily by matching foreign currency loans against foreign currency funding.</p>

Category and description of the risk	Impact and response
<p>Operational risk is the risk of direct or indirect loss due to inadequate or failed internal processes, people, systems or external events.</p>	<p>Impact: Direct or indirect financial loss.</p> <p>Response: Business units are responsible for ensuring:</p> <ul style="list-style-type: none"> • appropriate policies and processes are in place to manage risks • internal controls are operating effectively <p>Our risk and control self-assessment program includes processes to identify and assess key risks to ensure appropriate controls are in place and gaps are closed.</p> <p>Key controls are monitored on a regular basis to determine their effectiveness. We reduce our exposure to third-party risk⁴ and cybersecurity incidents through dedicated oversight and policy, as well as assessment and mitigation tools.</p> <p>Our audit program examines processes and provides learning opportunities for continuous improvement.</p> <p>We have policies in place to manage operational risk and resilience at FCC.</p> <p>Our operational resilience relies on incident and crisis management programs to respond to escalating risk events. We regularly review, test and enhance our crisis response based on assessment and experience.</p>
<p>Reputational risk is the risk that key stakeholders and other members of the public may develop negative perceptions about FCC.</p>	<p>Impact: Negative perceptions about FCC adversely affect our reputation and our ability to attract and retain customers, business partners and employees.</p> <p>Response: To avoid real or perceived reputational damage, we have policies, processes and governance in place to guide employee conduct in interactions with colleagues, customers, industry partners, suppliers, media and the public.</p> <p>Employees must follow specific processes before accepting new customers to confirm the customer's identity and fit within our conduct policies. This includes having the new customer sign a declaration stating they know of no reason why we may have any concern with doing business with them.</p> <p>Crisis and incident management processes are also key components of managing reputational risks.</p>

⁴ The risk that third parties inadequately manage risks to FCC.

Appendix 8 — Compliance with legislative and policy requirements

As a federal Crown corporation, FCC is governed by and must comply with several laws, regulations, ministerial directives and relevant Treasury Board Secretariat instruments. FCC's enabling and governing framework is comprised of the Farm Credit Canada Act (the act that establishes FCC and sets out our mandate and powers) and the Financial Administration Act (the act that sets the statutory regime for the control of Crown corporations).

Compliance with legal and policy requirements from other applicable statutes is also key to our success in fulfilling our mandate and maintaining our reputation. We continuously enhance our regulatory compliance management program to better align with industry standards.

Guided by a Board-level Regulatory Compliance Management policy, the regulatory compliance management program includes:

- a thorough legislative watch process
- the identification of regulatory requirements
- the identification and assessment of controls to ensure compliance with requirements
- reporting activities to management and the Audit Committee of the Board of Directors
- monitoring and independent testing activities

The program will continue to establish adequate controls that meet our legal obligations. Under the governance model defined in the Regulatory Compliance Management policy, oversight is provided by the Audit Committee of the Board of Directors.

FCC's current legislative and regulatory environment consists of 42 federal laws, their related regulations, three orders of the Privy Council Office, three trade agreements, several

Treasury Board of Canada instruments and ministerial directives issued under section 89 of the Financial Administration Act. Here is an overview of a selection of the requirements that form part of our regulatory compliance management program.

Access to Information Act

As a federal Crown corporation, FCC is subject to the Access to Information Act. This act creates a right of access to records under the control of a government institution, in accordance with the principle that government information should be available to the public. This act serves to enhance the accountability and transparency of federal institutions and support public debate on the conduct of those institutions.

FCC has addressed the new requirements outlined in the Treasury Board Secretariat of Canada — Directive on Proactive Publication relating to access to information requests. We respond to requests received under the Access to Information Act and provide information on how to make a request at fcc.ca under About FCC > Corporate Governance > Transparency > Access to Information through the federal government's prescribed platform. We use this platform to share monthly updates on the general requests for information we've received and to publish our annual reports as well as the hospitality and travel expenses of senior executives.

Privacy Act

The Privacy Act governs the protection and handling of personal information of individuals by government institutions. It sets out obligations on all the stages of the life cycle of personal information, from its collection to its use, disclosure, retention and disposal. FCC's privacy program is under review and enhancements are being systematically implemented.

Concerns or complaints about FCC's privacy practices or our compliance with the Privacy Act can be submitted to the Vice-President, Law and Corporate Secretary or escalated to the federal government's Privacy Commissioner, whose role includes providing advice and information about protecting personal information of Canadians and enforcing the Privacy Act.

Official Languages Act

FCC is committed to meeting our requirements under the Official Languages Act, the Official Languages (Communications with and Services to the Public) Regulations and the Treasury Board Policy on official languages, including related directives.

Trade agreements

Corporate policy supports FCC's ongoing obligation to comply with applicable trade agreements. FCC's Procurement and Vendor Management policy strengthens and reinforces our commitment to open, transparent and non-discriminatory procurement practices — key principles that underpin the spirit of the various trade agreements.

We'll continue to report on our obligations related to applicable trade agreements as requested by the Treasury Board Secretariat and we're committed to ensuring ongoing obligations are met.

Ministerial directives under the Financial Administration Act

In 2008, 2015 and 2017, FCC was issued the following directives under section 89 of the Financial Administration Act:

- Order directing parent Crown corporations involved in commercial lending to give due consideration to the personal integrity of those they lend to or provide benefits to, in accordance with government's policy to improve the accountability and integrity of federal institutions
- Directive on travel, hospitality, conference and event expenditures
- Directive on employee pensions and compensation (repealing a directive issued in 2014)

All directives have been implemented and internal controls have been developed to ensure that we remain compliant.

Appendix 9 — Government priorities and direction

FCC takes great pride in our role as a Crown corporation, serving Canadians and supporting the delivery of Government of Canada priorities. This plan reflects the guidance the federal government provided in the 2022 Statement of Priorities and Accountabilities as well as ongoing consultations with the Minister of Agriculture and Agri-Food and Government of Canada officials.

Canada's food system contributes 7% to our economy, employs 2.3 million people (11% of the workforce), and is the world's fifth largest agricultural and food exporter.⁵ FCC plays a vital role in supporting this sector. As a responsible lender, we offer a choice of financing options through all business stages and cycles. We advance innovation and opportunities for underserved groups by supporting the adoption of sustainable food production, strengthening food security and supporting mental wellness. We support the industry's success and growth by expanding knowledge and farm management tools and we incorporate responsible corporate governance to model strong corporate leadership for the sector.

9.1 Transparent and open government

We're accountable and transparent to our customers, our stakeholders and the Canadian public through the Minister of Agriculture and Agri-Food. Maintaining their trust and being accountable are key to sustaining these relationships. In alignment with the Government of Canada's commitment to open government, we've put mechanisms in place to meet legislative requirements around transparency and proactive disclosure of information. Detailed information is available at fcc.ca under About FCC > Corporate Governance > Transparency.

⁵ Agriculture and Agri-Food Canada, Overview of Canada's agriculture and agri-food sector <https://agriculture.canada.ca/en/sector/overview>

Info Source

Like all government institutions subject to the Access to Information Act and the Privacy Act, FCC publishes an annual inventory of our information holdings, as well as relevant details about personal information under our control. This report is also tabled annually in Parliament by the Minister of Agriculture and Agri-Food. The Info Source inventory can help the public make an access to information or personal information request or exercise their privacy rights.

FCC Code of Conduct

Acting with integrity is one of our core values. The FCC Code of Conduct clearly communicates our expectations of ethical behaviour from all employees and sets out how employees can speak up in good faith and report possible violations of the code. The Code of Conduct is supplemented by a set of internal procedures, training and guidance documents that help employees and leaders determine the proper course of action to take when faced with an ethical dilemma. The Ethics Office provides guidance and support.

On an annual basis, FCC also reports travel and hospitality expenses on an aggregate corporate level. This information is posted to the Open Government portal at open.canada.ca

We disclose any instances of founded wrongdoing by employees at fcc.ca, under About FCC > Corporate Governance > Transparency > Code of Conduct.

If a member of the public would like to make a complaint or discuss a possible breach of ethics, they can access our:

- Complaints Officer through a toll-free number and email address

- Ethics Officer through FCC ConfidenceLine (a confidential reporting service managed by a third party)

Access to the industry

We hold a public meeting annually to share financial and operational results as well as information on FCC’s future. Since 2020, the Board Chairperson, President and CEO and Executive Vice-President, Finance have recorded a series of videos to share results and information with Canadians. Industry representatives and members of the public are invited to submit questions in advance.

The 2024 FCC Annual Public Meeting video is now available at [fcc.ca](https://www.fcc.ca) under About FCC > Corporate Governance > Transparency > FCC Annual Public Meeting.

FCC’s CEO regularly meets with industry stakeholders to understand industry needs and ways in which FCC can better support changes within the industry. Annually, FCC convenes the Future of Food conference, an annual event attended by over 700 industry leaders, producers, investors and business owners. This is in addition to the numerous industry engagements FCC senior leaders attend throughout the year.

FCC conducted three webinars (two in English and one in French) to present FCC’s corporate strategy and discuss FCC goals across six key focus areas. A total of 75 leaders from farm and food groups, commodity organizations and other associations attended these webinars, which fostered discussion and collaboration.

9.2 Indigenous Peoples and underserved groups

The Canadian agriculture and food industry is built on a rich and diverse history. FCC applies Gender-Based Analysis (GBA) Plus considerations to support the entire agricultural sector and help the industry and our customers achieve their full potential. We seek to remove

barriers within our control, such as unconscious bias and eligibility or accessibility constraints. We also work with customers to help them overcome other barriers to entry including farmland prices, startup costs, access to capital or credit, regulatory requirements, and agriculture and business knowledge.

Indigenous Peoples and underserved groups

We’re developing and implementing initiatives to support Indigenous Peoples and communities as well as underserved groups, specifically, women entrepreneurs, young farmers and new entrants.

Indigenous agriculture and food: FCC supports the economic inclusion and participation of Indigenous Peoples and communities who are entering the industry or growing their agriculture and food businesses. We’re committed to strengthening relationships with Indigenous Peoples, focusing on reconciliACTION and economic advancement. We embrace our role in reconciliation and recognize the historical challenges and barriers imposed on Indigenous agriculture and food operations. We acknowledge the ongoing impacts of political and legislative measures, including the federal Indian Act and the legacy of the Pass and Permit system on Indigenous Peoples.

Acting on our commitment to reconciliation, FCC is the only national lender with a team dedicated to empowering Indigenous participation in agriculture and food. We’re building capacity to offer comprehensive and customized products and services that provide Indigenous agriculture and food businesses with more access to capital and help them build partnerships. By engaging with Indigenous customers and advocates on their terms, we provide a lending experience that’s highly professional, personalized, seamless and responsive.

Our processes are continually evolving so we can assess lending opportunities with Indigenous customers more consistently. We regularly review definitions, credit directives and risk considerations to promote Indigenous economic inclusion. This includes redefining agriculture activities so our eligibility rules include Indigenous harvesting from natural sources.

To support ongoing initiatives, we ask new and existing Indigenous customers for feedback to help identify and address barriers to borrowing. We use this information to help build opportunities in the agriculture and agri-food sector and address potential gaps in our products and services. As an additional initiative based on Budget 2024 direction, FCC plans to engage Indigenous customers and communities to transparently define Indigenous food systems. This will help us provide tailored support (for example, capital solutions and value creation resources) that increase the participation of Indigenous individuals and communities in the sector and share what we learn with government and Indigenous partners.

Through innovative partnerships and financing models, we'll use our existing expertise and networks to make more capital available for Indigenous agriculture and food businesses. These partnerships will result in opportunities for FCC to learn from the shared knowledge provided by skilled Indigenous lending experts and expedite access to capital for Indigenous customers in these areas.

We continue to improve our internal processes, practices and systems to respond to and deliver on the Truth and Reconciliation Commission Call to Action #92. As part of our reconciliation journey, we transparently share FCC's history and show employees how they can create positive change. We encourage them to support and engage with Indigenous Peoples and communities through learning and volunteering activities. Over 2,300 employees have

completed Indigenous awareness training, which is mandatory for new hires and refreshed periodically for all employees. We're also developing additional training to help frontline employees build strong, trusted relationships with Indigenous communities and entrepreneurs. In the future, we plan to offer reconciliation training to our customers as well.

Our procurement processes focus on building diversity in our supply chain and increasing the volume of goods and services we procure from Indigenous businesses. This is one of the actions we've taken to promote reconciliation.

Another action we're taking to promote reconciliation is the creation of a new approach to planning and decision-making, where Indigenous knowledge is valued equally with Western knowledge. This approach aims to more seamlessly integrate Indigenous ways of knowing into our processes and strengthen internal practices to foster trust and better represent and harness Indigenous knowledge systems at FCC.

We're committed to facilitating Indigenous participation and advocating for Indigenous-related topics at industry events. We promote inclusive practices at events and the implementation of protocols that are respectful of Indigenous communities and Nations. FCC also works with industry partners to support reconciliation and cultural awareness to enable inclusive and accessible connections across the sector.

As part of this work, we're proud to be the founding partner of National Circle for Indigenous Agriculture and Food (NCIAF), which was formally launched in June 2024. NCIAF is an Indigenous-led, non-profit organization dedicated to re-igniting the involvement of Indigenous communities and Peoples in the Canadian agriculture and food industry. FCC will continue to enhance NCIAF's visibility and viability over the long-term and advance reconciliation within the agriculture industry,

while fostering a national conversation on Indigenous agriculture.

To confirm our overall corporate performance and continuous improvement in Indigenous relations, FCC is committed to attaining Partnership Accreditation in Indigenous Relations (PAIR) certification. As part of the accreditation, we're refining action plans in four performance areas: leadership actions, business development, community engagement and employment. In early 2025, our efforts will be verified by external parties to establish a benchmark of our performance.

Women entrepreneurs: FCC continues to celebrate the role of women in the agriculture and food industry and their increasing presence in decision-making roles. Our research shows women in agriculture and food still face a range of challenges, including access to capital to start or grow their businesses and opportunities to develop business competency skills and knowledge. We continue to improve and strengthen our data collection and feedback from women entrepreneurs so we can offer better products and services to help them to thrive.

Through our relationships with customers, speakers and content creators, FCC supports women's growth in business and farm management practices and provides strategies to help them manage work-life balance and maintain strong mental health.

Since the launch of the Women's Entrepreneur program, over 3,950 Women Entrepreneur loans, worth more than \$2.9 billion, have been approved. Under this program, FCC also waives up to \$1,000 in processing fees and encourages borrowers to reinvest those savings in personal and professional development.

Over the planning period, we'll use product life cycle management to test, refine and launch new financial and non-financial products and services that will meet the future needs of our customers and prospects, including women. This includes

improving our use of data and insights, adjusting our overall financing risk appetite and expanding our partnerships and connections in the agriculture and food ecosystem.

Women are responsible for a diverse range of activities on the farm and in the business, and their interactions and relationships with other people highly influence those people's experience. Therefore, we promote women as speakers, experts and resources across our channels and programs, such as our AgriSuccess magazine, the FCC Knowledge Newsletter and our Talking Farm and Food podcast series.

FCC hosts annual Women's Summits in both English and French. In 2023-24, over 500 attendees at these summits learned about financial health, business transitions and mental health. In 2024, our Future of Food conference featured several influential women who are shaping agriculture and food in Canada. Seeing women represented and speaking at industry events is powerful, especially where most of the audience is women. These events will continue to provide opportunities for women decision-makers to be inspired, learn and build their networks.

Young farmers and entrepreneurs: FCC continues our efforts to make the agriculture and food industry more accessible to the next generation of producers and agribusinesses. Although operations across the industry continue to consolidate and the average age of farm operators is increasing, evidence suggests that succession planning and farm transition are still priorities. The number of farms that report having a written succession plan in place has increased, and the vast majority of these farms indicated that family members are the intended successors. However, the price of farmland, startup costs and access to capital or credit can be significant barriers for future operators, whether or not they come from a farming family. Young farmers have also identified challenges navigating family dynamics and negotiating intergenerational farm transfers.

We provide young farmers and entrepreneurs with multiple targeted products to reduce financial barriers, including the Young Farmer Loan, the Young Entrepreneur Loan, the FCC Starter Loan and the FCC Transition Loan. These products offer flexible financing terms at discounted rates and fees. Young farmers and entrepreneurs who lack a combination of security, cashflow or management expertise may also be eligible for FCC's private equity and debt solutions, including senior debt that doesn't meet the standard risk model criteria. We regularly review our approach to lending products for young farmers and entrepreneurs to ensure we continue to support the industry moving forward.

FCC business advisors provide consultation services to our customers, including helping farm families who are transferring the family business and its assets to the younger generation. Our front-line employees also consistently connect with and support the next generation of farmers and entrepreneurs, specifically through financing.

In addition to offering customized financing options, FCC helps the next generation gain the necessary skills and knowledge by offering learning programs, Young Farmer Summits, publications and partnerships. We'll continue to feature young farmers and entrepreneurs in AgriSuccess magazine and provide appealing content that can help them succeed. Through partnerships, we'll continue to deliver premium learning programs to help them develop business management practices through guided hands-on and peer learning experiences. We commit to seeking feedback from young farmers and entrepreneurs to ensure they feel supported and have access to resources that meet their individual needs.

Supporting agricultural youth and university students through funds, programs and partnerships will remain a focus for FCC. We support several young leader programs in the agriculture sector, including our annual support to 4-H Canada, which provides initiatives and activities to people between the ages of eight and

20. As a value-added partnership with post-secondary classrooms, we offer curriculum resources, training and support on AgExpert, our farm management software, so students discover the power of innovation and digital decision-making to improve farm management. In 2024-25, FCC conducted a university tour to connect with non-agriculture students and promote careers in the agriculture and food industry. We'll continue building partnerships with young farmer and young entrepreneur associations, industry partners and education centres to inspire innovation, enhance knowledge and create connections for the next generation in agriculture and food.

9.3 Diversity, equity and inclusion

FCC's workforce mirrors the diversity of the communities where we work and live. Our diversity, equity and inclusion vision statement is:

FCC employees serve the industry that feeds the world. Diverse perspectives and experiences fuel our ability to serve an ever-changing agriculture and food industry. We unlock the full potential of our people by creating an environment that is inclusive and equitable, and where everyone feels a deep sense of belonging.

To ensure our program is effective, we're updating our diversity, equity and inclusion roadmap and improving how we collect and analyze diversity data. This information will also help us foster an inclusive workplace and people practices.

We're committed to using fair hiring practices that attract qualified and diverse talent, including members of the four designated employment equity groups: women, Indigenous Peoples, people experiencing disability and members of visible minorities. In June 2024, 62.9% of our employees were women, 3.2% self-identified as Indigenous, 3.7% self-identified as persons with disabilities and 12.2% self-identified as members of a visible

minority group. In 2024, 31.6% of students hired in our summer student program self-declared as belonging to a designated equity group, an increase from 26% in 2023.

Enhancements to our strategic diversity, equity and inclusion priorities will help us move beyond regulatory requirements and fully integrate diversity, equity and inclusion in our hiring practices and business processes by 2028. Our 2025-28 diversity, equity and inclusion strategy focuses on defining long-term goals and strategic initiatives to address systemic barriers and equity gaps. We've also developed a more complete, intentional annual inclusion plan to shift from the awareness phase to action and behaviour change.

We're committed to making FCC barrier free by 2040 and meeting our 2023-25 Accessibility Plan goals. This inaugural plan focuses on removing accessibility barriers for employees, customers and partners in these areas: built environment, communications, employment, information and communication technologies, procurement, and service design and delivery. Our next plan, the 2026-28 Accessibility Plan, will be developed following an external assessment. The new plan will help us make progress on accessibility and will include transportation considerations.

There are various programs and initiatives underway to increase retention of diverse talent and foster inclusivity at FCC. For example, we engage employees with lived experiences to help us understand which barriers exist in our organization. In addition to the Indigenous Affinity Group, which was created in 2022, FCC supported the creation of five new employee resource groups:

- Black Professionals Alliance
- Disability Alliance
- Multicultural Alliance
- Mental Health Alliance
- Women's Alliance

As part of our commitment to their long-term success, we provide these groups with ongoing support throughout the year. In June 2024, we also launched a Diversity, Equity and Inclusion Council comprised of the CEO, the Director, Diversity, Equity and Inclusion and the employee resource group chairs. This council meets quarterly and seeks to build a workplace environment where diversity is celebrated, equity is advanced and inclusion is practiced.

Raising awareness about challenges in the workplace and promoting dialogue about diversity, equity and inclusion within the organization is important to advance reconciliation, anti-racism, equity, inclusion and accessibility. FCC encourages dialogue among employees and provides individuals with support and a sense of belonging by covering topics around workplace barriers, community outreach and cultural learning.

We'll continue to work with organizations led by or focused on serving under-represented groups, including Indigenous career centres, newcomer centres and organizations serving people living with disabilities. For example, through our continued partnership with 4 to 40, a Regina-based non-profit organization, we employ under-engaged persons living with disabilities.

9.4 Sustainable development and greening government operations

Climate and nature-based solutions are key impact areas of FCC's corporate strategy and we support Canada's leadership in promoting sustainable agriculture and food production. Our approach to sustainability principles aligns with our customers' needs, industry feedback and FCC's federal mandate, and supports federal sustainability commitments.

Targeted engagement and tailored support

Canadian producers have been land stewards for decades and have a strong history of

adopting sustainable agriculture practices that not only lessen their impact on the planet, but contribute to their productivity and profitability. FCC tailors sustainable development approaches to support customers' varying needs and meet them where they are in their sustainability journey. We're also developing financial and non-financial products to recognize and reward customers who adopt sustainable best management practices, so they can make even more progress.

To enhance the Canadian food supply chain's resilience, we'll help customers and the industry adapt to climate change and transition to a nature-positive, low-carbon economy. We'll support initiatives that enable producers to increase production through various growing conditions and improve soil, water and wildlife conditions. Our support also recognizes that changing weather patterns are impacting yields, profitability and predictability for primary agriculture producers. We continue to build our suite of customer support programs to help them manage weather, economic, and international trade challenges.

Incenting adoption of sustainable practices

After extensive consultations with industry, customers and partners, FCC developed a Sustainable Finance Framework, which received the approval from our Executive Committee in 2024. This framework focuses on enhancing customers' and the industry's resilience and adaptation, increasing productivity and supporting healthy natural ecosystems. It also aims to improve market access across the food supply chain, increase food security and encourage the inclusion of underserved groups.

The framework includes financial and non-financial solutions that help customers take advantage of environmental and social innovation opportunities and manage their business risks effectively.

Through this framework, we'll establish a consistent definition of sustainable agriculture and food production to guide us as we develop, implement and manage products and services. Our sustainable finance products will encourage customers to adopt and implement eligible best management practices, with multi-level incentives to encourage further adoption and progress.

Our pilot project, the Sustainability Capital Investment Program (SCIP), is one way to implement the framework. Through SCIP, we reward customers for investing in equipment, technology or construction projects that support sustainable best management practices. The proposed FCC Guarantee program will attract capital from other financial institutions to support customers' investments in sustainability, with FCC underwriting the partner's financial risk.

Our Sustainability Incentive Program provides annual incentive payments to eligible customers who meet partners' sustainability program requirements. We'll continue to work with industry partners to encourage sustainable agricultural practices among producers. For the 2024 production year, we offered new collaborations with Ducks Unlimited Canada and PepsiCo to encourage customers to improve biodiversity by planting perennial forage on unproductive cropland.

Innovation and technology

Significant investment will be needed to increase the agriculture sector's adoption of low-carbon technologies to adapt to a changing climate and enhance productivity, economic benefits and cost savings. FCC will continue to support innovation and new technologies, such as smart farms and accelerators, fund investments, direct investments and value creation activities. We'll leverage our partnerships and industry knowledge to help customers build more resilient businesses and be more successful.

We're also empowering customers to use their operation's data to support their sustainability journey. In 2024, producers could use AgExpert, a leading farm management software application, to measure their farm's rate of carbon sequestration by understanding the impact of their climate smart agricultural practices on their soils. This first module (out of four – the remaining modules being methane, nitrous oxide from fertilizer application, and carbon dioxide from fuel emissions) already enables producers to identify the rate of carbon sequestration which can aid them plan for increasing organic carbon (organic matter) in their soils and boosting productivity.

Collaboration and sustainability

FCC collaborates with various partners to advance sustainability. For instance, we invested \$5 million in the Global Institute for Food Security to stimulate innovation in agricultural productivity and sustainability for Canadian producers. After a successful pilot project, we'll be expanding the program with Inno-centre Canada to help agribusiness and food customers address sustainability challenges and opportunities.

We also partner with the financial system in Canada to help Canadian agriculture and food associations and businesses achieve their climate targets. We'll continue to work with financial institutions, regulators and producers to better understand sustainability data and measurement in the Canadian agriculture and agri-food industry.

Greenhouse gas emissions (GHG)

We're measuring our financed emissions (emissions from our customers' operations) to better support our customers' sustainability efforts. Together with the financial system and industry partners, we'll develop better tools and data to measure and manage climate impacts in a unified, consistent and cohesive way.

For over a decade, we've been reducing our operational emissions and have annually disclosed our scope 1, 2 and 3 operational GHG emissions. In 2024, we developed a new science-based, near-term goal to reach net-zero operational emissions by 2050. Starting in 2024-25, our target is to achieve a 42% absolute reduction of operational scope 1 and 2 GHG emissions by 2030-31, based on a 2023-24 baseline. This new target aligns with the Science Based Targets initiative and the Paris Agreement.

We'll focus on replacing carbon-intensive energy with low-carbon sources and purchasing renewable energy certificates and carbon offsets for residual operational scope 1 and 2 GHG emissions. Work on material Scope 3 categories, including financed emissions, will continue as we consider Science Based Targets initiative recommendations and International Sustainability Standards Board guidance.

Disclosures

For the first time in 2024-25, FCC will publish an annual report that includes sustainability-related disclosures. This combined corporate report will demonstrate how our sustainability commitments are embedded throughout our corporate strategy.

Our disclosures meet Government of Canada's expectations and are aligned to international reporting and accounting standards. To date, FCC's climate-related disclosures have considered the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures. However, new sustainability disclosure standards have been released by the International Sustainability Standards Board. In 2024-25, we'll identify and address gaps between our current disclosures and these new standards.

Outlook

Looking ahead, FCC will continue to innovate and support the agriculture and food industry in its sustainability journey. We'll focus on developing new technology, enhancing our financial and non-financial products and expanding our partnerships to make progress. We'll also maintain a strong capital base to

ensure we have the financial capacity to support customers during unexpected disruptions.

Our commitment to sustainability will remain at the forefront of our strategy, ensuring that we contribute to the resilience and success of the agricultural and agri-food sector.

Appendix 10 — Cost reduction Budget 2023

In the Government of Canada Budget 2023, Crown corporations were required to refocus spending on priority areas by reducing planned growth in administration expenses. The government's request was to reduce administration expenses by at least 3% by 2027, with the reductions being phased in over three years. The request also included reductions of 15% in professional services and travel costs in 2025 and future years.

Summarized cost savings

Through 2029, we continue to not only meet but exceed the minimum required reductions. Our prior plan outlined cumulative cost savings of \$118 million over the plan period. The current plan reflects an additional \$94 million in savings, \$35 million of which were achieved in 2024 as we identified additional savings when reviewing the timing of our strategic transformation activities. Our planned investments, foundational capabilities and strategic transformation position us well to achieve further efficiency gains beyond 2029.

Professional services and travel reductions

Reducing our professional services spending remains a priority. Through increased transparency and central management, we use professional services to support critical areas of strategic investment, customer engagement and industry programming while managing the risks we're exposed to as a growing organization.

Our travel cost reductions focus on non-customer-related travel, including costs associated with travel for training and internal meetings. We're also piloting virtual customer-related learning and advisory programs.

Other administration expenses

Our largest administration expense is employee compensation and benefits. To help realize cost reductions, we're improving our workforce planning and prioritization. As a result, this plan reflects 90 fewer new positions for 2025 and 80 fewer positions through 2029 when compared to our prior plan.

We continue to transform and simplify our lending approach to increase responsiveness to our customers' needs. Efficiencies from streamlining and automating processes will enable and empower employees to better serve our customers and partners. In addition, we're piloting artificial intelligence technology internally to enhance operational efficiency and drive innovation.

We're confident that identified savings won't have a negative impact on our ability to deliver our full suite of services to our customers and will allow us to invest in opportunities to support the Canadian agriculture and agri-food industry. We're proud to lead the industry in customer experience and satisfaction as well as small business support, and we intend to continue meeting those expectations.

Appendix 11 — Detailed portfolio information

FCC is committed to supporting the Canadian agriculture and agri-food industry by taking calculated risks to stimulate growth and innovation. As outlined in the executive summary, our strategy focuses on positioning Canada as a leader in sustainable food practices by fostering innovation and enhancing the nation's global reputation. This involves proactively taking more calculated risks to ensure customers, including those who are underserved, have access to the capital they need.

Client characteristics and transactions

As Canada's leading agriculture and food lender, our portfolio is diverse and includes a wide range of clients and transactions. We provide financing options to a variety of sectors within the primary production, agribusiness and agri-food sectors nationwide. We maintain a notable and consistent presence in rural Canada while enhancing our support for agriculture and food companies in urban areas.

Key characteristics of our clients and transactions include:

Loans receivable by sector distribution

As at September 30 (millions of Canadian dollars)	2024
Loans receivable	
Primary production	
Oilseeds and grains	17,229
Dairy	7,574
Beef	4,551
Other	3,470
Poultry	3,585
Greenhouse	2,423
Alliances	2,433
Hogs	1,627
Fruit	1,542
Total primary production	44,433
Agribusiness	6,612
Agri-food	2,828
Loans receivable	53,874

Loans receivable by geographic distribution

As at September 30 (millions of Canadian dollars)	2024
Loans receivable	
Primary production	
Ontario	16,351
Saskatchewan	10,025
Alberta	9,644
Quebec	7,489
British Columbia	4,692
Manitoba	4,002
Atlantic	1,671
Loans receivable	53,874

Risk-rating of assets

Our loan portfolio is categorized into investment grade (BBB- or higher) and non-investment grade (below BBB-). The mix of our portfolio highlights our commitment to supporting high-risk ventures that contribute to the agricultural and agri-food industry's growth and innovation, while ensuring FCC's and the industry's resilience.